

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS
DIRECT TESTIMONY AND EXHIBITS

AUGUST 2007

FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS

DIRECT TESTIMONY AND EXHIBITS

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**DIRECT TESTIMONY
OF
GEORGE BACHMAN
IN**

**FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 070304-EI**

**IN RE: PETITION OF
FLORIDA PUBLIC UTILITIES COMPANY
FOR AN ELECTRIC RATE INCREASE**

1 **Q. Please state your name, affiliation, business address and summarize your**
2 **academic background and professional experience.**

3 A. Witness Bachman: My name is George Bachman. I am the CFO for Florida Public
4 Utilities Company (FPU), which has business offices at 401 South Dixie, West
5 Palm Beach, Florida 33401. I have been employed by FPU since 1985 and
6 performed numerous accounting functions including General Accounting Manager
7 and Controller until I was promoted to Chief Financial Officer and Treasurer in
8 1999 with responsibilities for managing the overall fiduciary responsibility and to
9 oversee the accounting and finance departments with all related functions. I have
10 been a witness for numerous proceedings before the Florida Public Service
11 Commission (FPSC). The most recent proceedings were for rate relief in Docket
12 Numbers 030438-EI for electric and 040216-GU for natural gas.

13 **Q. What is the purpose of your testimony in this proceeding?**

14 A. Witness Bachman: I provided finance, pension and insurance information that
15 support the proposed increase in revenue requirements for FPU. This information
16 has been included in Schedules B, C, D and G.

17 **Q. Why is it appropriate to allow recovery for all expected pension and insurance**
18 **expenses?**

19 A. Witness Bachman: Pension costs are similar to salaries and wages; it is a necessary
20 cost to operate a utility function. We only provide prudent wages and benefits to our
21 employees, and accordingly, all costs are appropriate for recovery including the
22 pension costs. The pension plan assets have been prudently invested, and provide

1 for a return on the assets. All costs are necessary and should be allowed for
2 recovery in our base rates.

3 A. Witness Bachman: Insurance costs included in our expenses are a necessary and
4 prudent expenditure and should be allowed and are appropriate for recovery in base
5 rates. Insurance is a prudent cost to help a company manage risk associated with
6 operating a business.

7 **Q. Does this conclude your written prepared testimony?**

8 A. Witness Bachman: Yes.

**DIRECT TESTIMONY
OF
CHERYL MARTIN,
MEHRDAD KHOJASTEH
AND
JIM MESITE**

IN

**FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 070304-EI**

**IN RE: PETITION OF
FLORIDA PUBLIC UTILITIES COMPANY
FOR AN ELECTRIC RATE INCREASE**

1 **Q. Please state your name, affiliation, business address and summarize your**
2 **academic background and professional experience.**

3 A. Witness Martin: My name is Cheryl Martin. I am the Controller for Florida Public
4 Utilities Company (FPU), which has business offices at 401 South Dixie, West
5 Palm Beach, Florida 33401. I have been employed by FPU since 1985 and
6 performed numerous accounting functions until I was promoted to Corporate
7 Accounting Manager in 1995 with responsibilities for managing the Corporate
8 Accounting Department including regulatory accounting (Fuel, PGA, conservation,
9 rate cases, surveillance reports, reporting), tax accounting, external reports, and
10 special projects. In January 2002 I was promoted to my current position of
11 Controller where my responsibilities are the same as above with additional
12 responsibilities in the purchasing and general accounting areas and Security and
13 Exchange Commission (SEC) filings. I have been an expert witness for numerous
14 proceedings before the Florida Public Service Commission (FPSC) including rate
15 relief in Docket Numbers 881056-EI, 930400-EI and 030438-EI for electric and
16 900151-GU, 940620-GU and 040216-GU for natural gas. I graduated from Florida
17 State University in 1984 with a BS degree in Accounting. Also, I am a Certified
18 Public Accountant in the state of Florida.

19 Witness Khojasteh: My name is Mehrdad Khojasteh. I am the Assistant Controller
20 for FPU, a position I have held since August, 2006. In this position, I am the direct

1 supervisor of the Senior Tax Accountant, Senior Regulatory Accountant and Senior
2 Project Accountant. I also assist the Controller with supervising the Corporate
3 Accounting Department. Prior to this position, I was a Regulatory Accountant from
4 November 1996 to March 1997, Tax Accountant from April 1997 to May 2003 and
5 Corporate Accounting Supervisor from June 2004 to July 2006. I received a BS
6 degree from Florida Atlantic University with a major in Accounting. I have been a
7 witness for two proceedings before the Florida Public Service Commission (FPSC).
8 These proceedings were for rate relief in Docket Numbers 030438-EI for electric
9 and 040216-GU for natural gas.

10 Witness Mesite: My name is Jim Mesite. I am the Senior Project Accountant in the
11 Corporate Accounting department at FPUC. On an ongoing basis, I am responsible
12 for all preparation, filing, reconciliation and audit of documents as directed under
13 PGA Docket No. NN0003-GU. Using various company systems and computer
14 application, I prepare several periodic accounting analysis reports. In the past I was
15 responsible for converting the Company's manual CPR records to a computerized
16 system. I am responsible for the review and evaluation of fixed asset issues
17 involving acquisitions, dispositions, retirements, capital versus expense, and chart
18 of accounts. I am responsible for the filing of FPSC depreciation studies for the
19 regulated electric and natural gas divisions. Additionally I am involved with various
20 internal control and review projects as circumstances dictate. I joined FPUC in 1995
21 as a Special Project Accountant and was promoted to my current position in March
22 2002. I graduated from Northeastern University in 1976 with a BS degree in
23 Business Administration, major in Accounting. I have been a witness in two rate
24 relief proceedings before the FPSC: Docket Numbers 030438-EI for electric and
25 040216-GU for natural gas.

26 **Q. What is the purpose of your testimony in this proceeding?**

27 A. Witness Khojasteh, Mesite, and Martin: We provide the accounting information
28 that supports the proposed increase in revenue requirements for FPU. We are
29 specifically responsible for the information provided in Schedules B, C and G.
30 Supporting information to these schedules has also been provided by the division

1 general managers of each area, our Cost of Capital expert as well as the Financial
2 Analyst in their testimony (see the testimony of Mark Cutshaw, George Bachman,
3 Don Myers, Robert Camfield and Doreen Cox).

4 **Q. Why is FPU seeking a rate increase in its base rates at this time?**

5 A. Witness Martin: The Company has experienced and is expecting to experience
6 continued increases in expenses, and despite efforts to keep expenses down, many
7 are beyond the control of the Company. We expect a significant decline in our rate
8 of return in our electric operations. The Company believes the proposed 2008 test
9 year will accurately reflect the economic conditions in which the Consolidated
10 Electric division will be operating during the first twelve months the new rates will
11 be in effect, and this period is appropriate for rate setting purposes. We have had
12 historical events that had a significant unfavorable impact to earnings since our last
13 rate proceeding. We expect many costs to continue to increase; and for the most
14 part, these costs are beyond our control. We anticipate continued increases in our
15 insurance, audit fees, and pension costs. The recent storm hardening mandates have
16 also placed a large financial burden on our Company, and relief is necessary for
17 these expenditures. The inflationary impacts on new and replacement utility plant
18 as well as operating expenses contributed to our declining rate of return. We have
19 not been able to achieve our allowed rate of return in any calendar year since our
20 last rate proceeding. We feel it is appropriate to seek a rate increase at this time to
21 allow the Company the opportunity to earn a fair rate of return on our investment in
22 utility plant and working capital. Earning a fair rate of return will enable us to
23 continue our high quality of service and maintain financial integrity, which are in
24 the best interest of our customers.

25 **Q. What is the revenue increase requested by FPU in this proceeding?**

26 A. Witness Martin: FPU is requesting a permanent increase in the electric rates and
27 charges for its consolidated electric operations in the amount of \$5,249,895 in order
28 to cover the deficiencies in revenues for the projected 2008 test year. In accordance
29 with Rule 25-6.140, F.A.C., Test Year Notification, we have notified the FPSC that
30 we have selected the twelve-month period ending December 31, 2008 as the

1 projected test year for our petition to increase our rates and charges. We are also
2 requesting an interim increase in the electric rates and charges for its consolidated
3 electric operations in the amount of \$790,784 based on the historic year 2006
4 deficiency in revenues.

5 **Q. How did you derive the projected revenue requirement for the 2008 test year?**

6 A. Witness Martin: The derivation of the revenue requirement and projected revenue
7 deficiency is summarized in Exhibit CMM-1, which is a re-creation of Schedule C-
8 1. In summary, the 2008 revenue requirement is determined by multiplying the
9 projected rate base by the required rate of return to arrive at the operating income
10 required. This required operating income is then compared to the projected 2008
11 operating income using our existing billing rates and charges and projected rate
12 base and operating expenses. Any deficiency in operating income is then expanded
13 using the revenue expansion factor to arrive at the additional revenue required to
14 realize a fair rate of return on rate base. This required increase amounts to an
15 additional \$5,249,895 in annual electric rates and charges. The required rate of
16 return is 8.07% as is shown on schedule D-1a. The projected rate base is
17 \$43,020,996 and is provided in Exhibit CMM-2, also provided as schedule B-1.

18 **Q. How did you derive the interim revenue requirement?**

19 A. Witness Martin: The derivation of the revenue requirement for interim rate relief is
20 summarized in Exhibit CMM-3, which is a re-creation of Schedule G-1. In
21 summary, the interim revenue requirement is determined by multiplying the historic
22 2006 rate base by the required rate of return using the last authorized rate of return
23 (low-point authorized common equity rate) to arrive at the operating income
24 required. This required operating income is then compared to the actual 2006
25 operating income. Any deficiency in operating income is then expanded using the
26 revenue expansion factor to arrive at the additional revenue required on an interim
27 basis until final rates can be reviewed and authorized. The required rate of return for
28 interim purposes is shown on schedule G-19a. The interim rate base for the historic
29 year 2006 is shown on Schedule G-2.

30 **Q. What was the method for determining the projected test year billing**
31 **determinants?**

1 A. Witness Khojasteh: A projection of 2008 operating revenues is required to complete
2 the various schedules mentioned above. Operating revenues for 2008 are projected
3 using current rates multiplied by the projected 2008 weather-normalized billing
4 determinants (number of customers and usage). We also included the impact of the
5 recent and expected large fuel price increases and projected base revenue increases
6 on our customer's consumption. Projected operating revenues for 2008 are shown
7 on schedule C-5. See Mark Cutshaw's testimony and Schedule F-5 for additional
8 information on billing determinant forecasts.

9 **Q. How did you project O&M expenses for the projected test year 2008?**

10 A. Witness Khojasteh: O&M expenses were projected using the adjusted 2006
11 expenses multiplied by one of several trend factors. Expense items for which
12 deviation from the trended amount is anticipated have been adjusted for specific
13 cost estimates or other increases and decreases over and above the trended amounts.
14 We use the national-level consumer price index for all urban consumers (CPI-U) as
15 the basis of the inflation rate. The primary data sources are the CPI-U forecasts
16 contained in the Congressional Budget Office (CBO) economic projections
17 generated on January 24, 2007 (which are the most recent available forecast
18 values), and the Bureau of Labor Statistics (BLS) historical CPI-U data ending May
19 2007.

20 The CBO projections of inflation factors are: 2006 to 2007 = 101.92%; 2007 to
21 2008 = 102.27%; 2006 to 2008 = 104.24%.

22 However, because the CBO forecast was generated in January, we updated their
23 inflation forecast using actual data for the first five months of 2007. Using BLS
24 data to calculate inflation over the first five months of 2006 versus the first five
25 months of 2007, the actual annualized inflation factor for January through May
26 2007 is 102.51%.

27 We used this actual value for the first five months of 2007, and then reverted to the
28 CBO forecast for the remainder of the forecast time period. This is implemented as
29 follows:

30 Equation 1: 2006 to 2007 inflation factor = $1 + (5/12) * 2.51\% + (7/12) * 1.92\% =$
31 102.17%

1 We used the CBO forecast of inflation over 2007 to 2008. However, because of the
2 updating to the 2006 to 2007 factor described above, the 2006 to 2008 inflation
3 factor increases to 104.48% (which equals 102.17% times 102.27%).

4 In summary, our inflation factors are as follows (rounded to the nearest 10th of a
5 percent):

6 2006 to 2007: 102.2%

7 2007 to 2008: 102.3%

8 2006 to 2008: 104.5%

9 Schedule C-7 provides a list of the projection factors used. The most commonly
10 used trend factors include Inflation, Payroll Growth, KWH Growth, Inflation &
11 Customer Growth, and Payroll Growth & Customer Growth.

12 **Q. Can you explain the basis for some of the expenses outside of those based on
13 historical data trended to the projected test year?**

14 A. Witness Mesite: Depreciation & amortization expenses for 2008 are projected to be
15 \$3,418,847. Depreciation expense was adjusted for several general plant accounts
16 to reflecting the allocation of depreciation to our propane operation at our
17 Fernandina Beach location. The depreciation expenses are shown by plant sub-
18 account on schedule B-9. The depreciation expense and reserves have not been
19 adjusted for the effects of our current electric depreciation study, to be effective
20 January 1, 2008, and the revenue requirement, rate base and depreciation expense
21 will need to be adjusted for this change accordingly. Amortization expense is shown
22 on schedule C-19 and includes recovery for future storm hardening capital
23 improvements as contributions. More information on this follows later in this
24 testimony and in the testimony provided by Mark Cutshaw and Don Myers.

25 Witness Khojasteh: Current and deferred income taxes for 2008 are projected using
26 the projected taxable operating income less interest expenses less deductions
27 multiplied by the current state and federal tax rates. These calculations are shown
28 on schedules C-22 and C-23. The 2008-projected investment tax credit is
29 calculated from the ITC amortization schedule for the electric utility divisions. ITC
30 amortization amounts are credits taken from the 1962 through 1988 periods and are

1 currently amortized based on the average depreciation rates. Annual ITC balances
2 and amortization details appear in schedule B-23.

3 Direct O & M adjustments and Specific projections were made to certain accounts
4 outside of trending historical data. We have noted these items on Schedule C-7 and
5 a brief explanation on the schedule itself.

6 Maintenance expense levels are appropriate as projected in our test year; however
7 the specific projects and amounts in specific maintenance accounts may vary from
8 year to year. We try and maintain a consistent level of maintenance expenses
9 annually, and spread required work over a period of time to keep our systems
10 reliable, safe and properly maintained. With this approach and by spreading out
11 projects over time we do not unduly burden the customers or the Company.

12 **Q. What was the basis for the storm reserve and expense included in the projected**
13 **test year?**

14 A. Witness Martin: The Company has projected an increase to their storm accrual
15 expense to reflect additional storm reserve needed to mitigate the impact of future
16 hurricane damages. Since our storm damage reserve is not adequate to cover the
17 risk of future storm damages, we have increased our storm accrual to approximately
18 \$17,000 per month, for a total storm reserve of \$3,338,800 over an eight year time
19 period. We estimated the required reserve to be 5% of the current value of the
20 transmission and distribution plant. Understandably, this is a conservative estimate
21 and does not take into account the replacement cost. We are not able to obtain
22 reasonable insurance for storms on this property, and feel that 5% is the minimum
23 value that should be used for an adequate reserve.

24 **Q. What is the basis for the regulatory expense included in the projected test**
25 **year?**

26 Witness Martin: We have projected rate case expense based on specific forecasts
27 including the cost to use consultants to assist us in preparation of a rate case, in the
28 expenses for recovery over a four year period. We are not staffed at a level to allow
29 for preparation of rate proceedings, and do not have the expertise in all areas to help
30 facilitate the preparation of a proceeding, therefore we had to hire the expertise and

1 extra assistance to complete this process. In addition to expenses directly associated
2 with preparation of a rate proceeding, we also incurred additional costs in the area
3 of internal audit. We originally were planning to do some of the work internally on
4 internal audit, but due to the rate proceeding we had to expand the scope of our
5 outside consultants while we focused on the rate proceeding work internally. We
6 also are projecting an amortization period of four years and have incorporated this
7 into our expense projections. This period is consistent with the time period since
8 our last electric rate proceeding and is an appropriate period for recovery for this
9 rate proceeding. See Schedule C-10 for more details on these expenses.

10 **Q. Why is the uncollectible expense appropriate for the test year?**

11 A. Witness Khojasteh: Increasing fuel costs over historic levels has significantly
12 increased our uncollectible expense for the test year, and years going forward. We
13 took the estimated impact of the fuel revenue, and made additional allowances for
14 these bad debts. They are reasonable as a percentage of sales, and are prudent for
15 recovery in base rates.

16 **Q. Have you included the costs associated with the recent mandated storm
17 hardening requirements?**

18 A. Witness Khojasteh: The Company has also included the costs associated with the
19 storm hardening mandates required by the Florida Public Service Commission. We
20 had previously filed for a storm hardening surcharge to pay for these costs and
21 deferral of the program until storm rate recovery was received; however, since other
22 factors have necessitated a rate proceeding we have incorporated the costs
23 associated with these programs for rate recovery in this proceeding. Additional
24 support and testimony detailing the storm hardening costs and requirements can be
25 found in Docket No. 060638-EI and Docket No. 070300-EI which has been
26 consolidated in this docket.

27 **Q. What is nature of the special storm hardening amortization included in the
28 amortization expense?**

29 A. Witness Mesite: We have identified significant capital improvements that will be
30 required to strengthen our transmission system for storm hardening over the next
31 twenty years. We included the cost of this future storm hardening capital project for

1 special recovery through amortization over the period of twenty years. This
2 program is similar to our natural gas program for bare steel replacement, in that we
3 are collecting the costs through base rates, and amortizing the contributions for the
4 special capital improvements. This directly benefits the customers through
5 increased reliability, and delays the need for future rate increases that would
6 typically result from these capital expenditures. See testimony from Mark Cutshaw
7 and Don Meyers on the projects that will be included in this special storm
8 hardening capital improvement program.

9 **Q. Please explain the increase to outside audit fees beyond trends for the**
10 **projected test year?**

11 A. Witness Khojasteh: Recent rules relating to Sarbanes Oxley and 404 requirements
12 have caused significant increases to our external and internal audit fees over the last
13 several years. We are also close to becoming an accelerated filer and anticipate we
14 will achieve this status in 2008. This status will further increase our audit costs as
15 we will have to comply with additional rules. We have included the additional audit
16 costs related to current Sarbanes Oxley requirements as well as those that will be
17 required as it relates to accelerated filers in our 2008 projected test year.

18 **Q. What is the support for pension costs included in the projected test year?**

19 A. Witness Khojasteh: We received estimates from our actuary on our pension costs
20 for 2008. These costs have been included in the projected test year as a direct
21 estimate. The Company continues to look for ways to keep these costs at reasonable
22 levels and has recently implemented a 401K plan for all new hires; however, due to
23 economic conditions of the market and items outside of our Company's control, the
24 pension costs have increased significantly over the last several years. This cost is a
25 prudent benefit to our employees and this expenditure is prudent for recovery from
26 our customers as a payroll related cost necessary to provide customers with
27 adequate service to operate our company effectively. The regulatory impact to OCI
28 from the implementation of FASB 158 has been deferred as a regulatory asset-
29 retirement plans. This regulatory asset will be deferred until it is recognized as
30 current pension expense. It is appropriate for both this asset and the pension liability
31 be included in working capital. An alternative treatment would be to amortize this

1 deferred account over five years, and allow current recovery of this cost deferral in
2 our current rate proceeding. We are seeking approval for appropriate treatment and
3 recovery of implementation of FASB 158 relating to our retirement plans within
4 this rate proceeding. We have also received information from our CFO, George
5 Bachman on pensions for projections included in this rate proceeding. He is also a
6 witness in this proceeding.

7 **Q. Please explain the O & M adjustment for the salary survey?**

8 A. Witness Khojasteh: The Company is also implementing a salary adjustment related
9 to a recent salary survey completed for our Company and our employees. Several
10 positions were found to be significantly under compensated, and required a salary
11 adjustment over and above our typical salary adjustments. Our Human Resource
12 department undertook an extensive salary survey during 2006 and 2007, and
13 utilized data within the utility industry, and similar sized and located generic
14 companies, to develop this survey. The last salary survey the Company conducted
15 was in 2002. We have estimated the impact of this survey and included these salary
16 adjustments above and beyond the normal trended expenditures anticipated for
17 2007 and 2008.

18 **Q. Explain the company adjustments made to expenses for the historic and
19 projected test years?**

20 A. Witness Khojasteh: The fuel and conservation expenses and revenues have been
21 eliminated from both the historic year and projected years. These items are handled
22 in separate dockets outside of a base rate proceeding and are appropriate for review
23 and approval within those separate proceedings. We have also eliminated the
24 impacts of prior period tax adjustments from net operating income. The effective
25 tax rate has been included as income tax expense in years presented along with an
26 amortization of the ARAM for our regulatory deferred tax liability. Finally,
27 nonregulated depreciation expense has been removed for the plant in service shared
28 by our nonregulated operations. See schedule C-2 for a summary of these
29 adjustments.

30 **Q. What were some of the material items outside of normal capital expenditures
31 included in projected rate base for the test year 2008?**

1 A. Witness Mesite: We have previously discussed the special storm hardening capital
2 projects. The offsetting contributions received and the first year of this amortization
3 has been included in our rate base and expenses for the projected test year 2008.

4 The Company has included the full recovery in rate base for a transformer that was
5 ordered in 2006. Circumstances outside of our control could contribute to this item
6 not being delivered by December 2007; however, it is appropriate for the purposes
7 of rate setting that the full 13 month average remain in 2008 average rate base and
8 be allowed for recovery. This item is significant to our operations and delays if any
9 will be beyond our control. If full recovery is not allowed, this will accelerate the
10 requirement for a future rate case, and thus increase the overall cost to the
11 customers as rate case costs are significant.

12 **Q. What items have been included in Working Capital and Rate Base that**
13 **requires additional information in addition to that presented in the MFR**
14 **filing?**

15 A. Witness Mesite: We have included the net over and under recovery of fuel and
16 conservation costs in working capital. Previously, only the over recoveries have
17 been included. This is an unfair burden on the company and penalizes the
18 Company. The fuel is reviewed as well as the over and under recoveries in a
19 special fuel hearing each year. Only those prudently incurred fuel expenses and
20 appropriate fuel rates are approved. It is unfair to penalize the Company for items
21 outside of their control if an over recovery results from these approved fuel rates.
22 Factors such as sales levels, purchased fuel levels, and fuel costs different from
23 expectations can all contribute to an over recovery; but are not in the direct control
24 of the Company. These same circumstances may apply to conservation whereby the
25 timing of revenues and expenses may deviate from projections. Therefore, the
26 Company should not be penalized by only including over recoveries and not under
27 recoveries in working capital. Although the projected test year includes an under
28 recovery for fuel, this should be allowed in working capital so as to not unfairly
29 penalize the Company. We are seeking approval going forward for fair treatment of
30 including both the under and over recovery related to fuel and conservation in

1 Working Capital. As an alternative, we feel that to eliminate both over recoveries
2 and under recoveries from working capital would be acceptable and fair since these
3 items are handled outside of a base rate proceeding.

4 Also, we have included all of the deferred rate case costs in working capital.
5 Previously, the Commission has disallowed one-half of this deferral in working
6 capital; however, this unfairly penalizes the Company. We only incur reasonable
7 and prudent expenditures for the rate case. The Company does not have the staff or
8 expertise to complete a rate proceeding without additional assistance from outside
9 resources. The customers have benefited from the Company not keeping staff at a
10 level that would allow for preparing a rate proceeding without these rate case
11 deferred costs, and accordingly, the Company should not be penalized for these
12 prudent actions. The entire deferred balance should be allowed in working capital.
13 Finally, we have included all cash in working capital. The Company has a prudent
14 cash management system, and accordingly, it is appropriate to allow all cash in
15 working capital that is allocated to our electric divisions.

16 **Q. Explain the company adjustments made to rate base for the historic year and**
17 **projected years?**

18 A. Witness Mesite: Adjustments were made to remove the utility plant and reserve of
19 our nonregulated operations shared with our electric division. The adjustments are
20 summarized on Schedules B-2.

21 **Q. How does the company allocate costs for corporate charges across the different**
22 **utility services?**

23 A. Witness Martin: The Company allocates costs for corporate charges across the
24 different utility services on a consistent basis. The allocation method varies by
25 account, but we use allocation factors based on number of customers, base revenue
26 recovered, plant in service, and time studies to allocate the various charges as
27 appropriate. At the local level, when there are multiple utilities, the company
28 applies these same methods but at the divisional level. The allocations from the
29 local office in Fernandina Beach, and the corporate office, include appropriate
30 adjustments to the remaining divisions and utilities as appropriate. We have

1 indicated the effects of some allocations as adjustment to the historic year and
2 projected years, and have the details supporting all allocation adjustments at the
3 office for review.

4 **Q. Please explain the methodology for the turnaround of the deferred taxes**
5 **associated with the average rate assumption method?**

6 A. Witness Khojasteh: The Company is requesting permission to change the method of
7 amortizing the deferred taxes associated with the average rate assumption method
8 (ARAM) on depreciation related items, and allow for a straight line amortization
9 over the average remaining life of the property. This method is consistent with the
10 method used and approved for the Regulatory asset related to Flow-through
11 deferred taxes on property. The current methodology of the average rate assumption
12 method is quite cumbersome, and is not easily implemented and maintained. Since
13 we are not required to keep book depreciation by vintage year since we use a
14 composite method of depreciation for book purposes, the results from using the
15 ARAM are not based on specific information, but rather estimates of the
16 depreciation by vintage year. The results of these estimates sometimes produces
17 distortions of what the intent of this method was suppose to produce. Using a
18 straight line method is easier, and spreads out the impact of these rate changes over
19 a reasonable time period. The impact to customers is more even over each year, and
20 is easier to determine on an annual basis without harm to customers. We are
21 requesting permission to change this methodology for use in amortizing this
22 regulatory liability associated with deferred income taxes. The impact to the
23 customers is not materially different with these two methodologies, yet the
24 proposed method produces a more even turnaround of these deferred taxes and is
25 easier to maintain. We have included the amortization of the ARAM portion of the
26 FASB 109 deferred taxes in our income taxes for the projected test year.

27 **Q. Does this conclude your written prepared testimony?**

28 A. Witness Khojasteh, Mesite, and Martin: Yes

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-E1

EXPLANATION.

Provide the calculation of jurisdictional net operating income for the test year, the prior year and the most recent historical year

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh, Cheryl Martin

Line No.	(1) Total Company Per Books	(2) Non- Electric Utility	(3) Total Electric (1)-(2)	(4) Jurisdictional Factor	(5) Jurisdictional Amount (3)*(4)	(6) Adjustments (Schedule C-2)	(7) Adjusted Jurisdictional Amount (5)+(6)
1							
2							
3	61,786,901		61,786,961	100%	61,786,961	(45,301,999)	16,484,962
4	702,003		702,003	100%	702,003	-	702,003
5	<u>62,488,964</u>		<u>62,488,964</u>	100%	<u>62,488,964</u>	<u>(45,301,999)</u>	<u>17,186,965</u>
6							
7							
8							
9	44,852,209		44,852,209	100%	44,852,209	(44,852,209)	-
10	10,498,563		10,498,563	100%	10,498,563	(417,172)	10,081,391
11	3,421,139		3,421,139	100%	3,421,139	(2,292)	3,418,847
12							
13	4,320,401		4,320,401	100%	4,320,401	(32,618)	4,287,783
14	(1,361,822)		(1,361,822)	100%	(1,361,822)	962	(1,360,860)
15	581,498		581,488	100%	581,498	-	581,498
16	(27,935)		(27,935)	100%	(27,935)	-	(27,935)
17							
18	<u>62,284,053</u>		<u>62,284,053</u>	100%	<u>62,284,053</u>	<u>(45,303,429)</u>	<u>16,980,624</u>
19							
20	<u>204,910</u>		<u>204,910</u>	100%	<u>204,910</u>	<u>1,431</u>	<u>206,341</u>

Supporting Schedules: C-2, C-5, C-7

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION

Provide a schedule of the 13-month average adjusted rate base for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule B-2.

Type of Data Shown
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite, Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-E1

Line No.	(1) Plant in Service	(2)* Accumulated Provision for Depreciation and Amortization	(3) Net Plant in Service (1-2)	(4) CWIP - No AFUDC	(5) Plant Held For Future Use	(6) Nuclear Fuel - No AFUDC (Net)	(7) Net Utility Plant	(8) Working Capital Allowance	(9) Other Rate Base Items	(10) Total Rate Base
1	81,494,977	(37,206,306)	44,288,671	75,000	-	-	44,363,671	(1,310,654)	-	43,053,017
2	100%	100%	100%	100%	100%	100%	100%	100%	100%	
3	81,494,977	(37,206,306)	44,288,671	75,000	-	-	44,363,671*	(1,310,654)	-	43,053,017
4	Adjustments									
5	(57,464)	25,443	(32,021)	-	-	-	(32,021)	-	-	(32,021)
6										
7										
8										
9										
10										
11										
12										
13	\$ (57,464)	\$ 25,443	\$ (32,021)	\$ -	\$ -	\$ -	\$ (32,021)	\$ -	\$ -	\$ (32,021)
14										
15	\$ 81,437,513	\$ (37,180,863)	\$ 44,256,650	\$ 75,000	\$ -	\$ -	\$ 44,331,650	\$ (1,310,654)	\$ -	\$ 43,020,996
16										
17	* Includes Account 2520 - Customer Advances for Construction									

Supporting Schedules: B-2 (2008); B-3 (2008); B-7 (2008); B-9 (2008)

Recast Schedules: B-2 (2008)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION

Provide the calculation of the requested
interim revenue requirements increase

Type of Data Shown:

Historic Year Ended 12/31/2006

Witness: Mehrdad Khojasteh, Cheryl Martin

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO. 070304-E

Line No	Description	Source	Amount
1	Jurisdictional Adjusted Rate Base	Schedule G-2	38,057,241
2	Rate of Return on Rate Base Requested	Schedule G-19a	7.8000%
3	Jurisdictional Income Requested	Line 1 x Line 2	2,968,465
4	Jurisdictional Adjusted Net Operating Income	Schedule G-7	2,476,531
5	Income Deficiency (Excess)	Line 3 - Line 4	491,934
6	Earned Rate of Return	Line 4/Line 1	6.5074%
7	Net Operating Income Multiplier	Schedule G-18	1.6075
8	Revenue Increase (Decrease) Requested	Line 5 x Line 7	790,784

Supporting Schedules: G-2, G-19a, G-7, G-18

Recap Schedules: G-1

DIRECT TESTIMONY

**DOREEN COX
ROBERT CAMFIELD**

**COST OF EQUITY AND RATE OF RETURN REQUIREMENTS
of
FLORIDA PUBLIC UTILITIES COMPANY**

1 **Q. Please state your name, title, and business address.**

2 A. Witness Cox. My name is Doreen Cox. I am a Financial Analyst with Florida
3 Public Utilities Company. My business address is 401 South Dixie Highway,
4 West Palm Beach, Florida, 33401.

5 Witness Camfield. My name is Robert Camfield. I am Vice President with
6 Christensen Associates Energy Consulting LLC, and my business address is
7 Suite 700, 4610 University Avenue, Madison, Wisconsin, 53705.

8

9 **Q. What is the scope of your testimony?**

10 A. The scope of our testimony is twofold. First, we address the issue of the cost of
11 common equity to Florida Public Utilities Company. Estimates of the equity
12 cost rate underlie our common equity rate of return recommendation. Second,
13 we integrate the equity rate of return with the other financial components of
14 Florida Public Utilities Company's capital structure to determine the weighted
15 average cost of capital and accompanying overall rate of return
16 recommendation. Our rate of return recommendation should be used by the

1 Commission to set retail electricity prices of Florida Public Utilities Company
2 in the current docket.

3

4 **Q. Please review your professional background and experience that qualifies**
5 **you to provide such recommendations.**

6 A. Witness Cox. I received a Bachelor of Science Degree in Management from the
7 University of the West Indies in 1979, with a concentration in Accounting. In
8 1990, I earned a Master of Science Degree in Accounting, also from the
9 University of the West Indies. I am a member of the Jamaican Institute of
10 Chartered Accountants.

11

12 I joined Florida Public Utilities Company in 1999, and I hold the position of
13 Financial Analyst, which reports to the Chief Financial Officer (CFO). In this
14 position, I support the CFO as well as the Accounting and Finance Divisions of
15 Florida Public Utilities Company. My position covers a variety of operating
16 and planning responsibilities including project assessment, budget and financial
17 projections, and cash flow analysis. I assist in the preparation of quarterly
18 reports to our Board of Directors, and the compliance monitoring with respect
19 to the Financial Covenants of Florida Public Utilities Company's long- and
20 short-term sources of external funds. In was a witness in the Natural Gas rate
21 relief proceedings before the FPSC, Docket Number 040216-GU.

22

23 Witness Camfield. I joined the Michigan Public Service Commission in 1976
24 as a staff economist. During my tenure with the Michigan Commission, I was
25 involved in several retail electricity and natural gas pricing issues, and I testified

1 in rate case proceedings regarding cost of capital and retail gas tariff design. I
2 joined the New Hampshire Public Service Commission in 1979 as Senior
3 Economist, and held the position of Chief Economist beginning in 1981. As
4 Chief Economist, I was responsible for the administration of the Economics
5 Department of the Commission Staff. I oversaw the analysis of regulatory
6 issues, the coordination and guidance of Staff participation in regulatory
7 proceedings, the preparation and development of testimony, and I provided
8 policy advice to the Commission on a variety of issues such as construction
9 work in progress, financial planning, and the determination of PURPA Section
10 133 rates. I joined Southern Company in 1983, and held positions in several
11 departments including Pricing and Economic Analysis at Georgia Power
12 Company, Costing Analysis of Southern Company Services, and Southern
13 Company's Strategic Planning Group. In 1994, I joined Laurits R. Christensen
14 Associates, Inc. ("Christensen Associates") as a senior economist, and currently
15 hold the position of Vice President with Christensen Associates Energy
16 Consulting LLC., a subsidiary consulting group of Christensen Associates.
17
18 My experience covers a gamut of issues facing regulated industries. I have been
19 involved in the negotiation of power supply contracts and the terms of franchise
20 licenses. My overseas assignments are several, and I have managed a large
21 market restructuring project in Central Europe. I have served on national and
22 regional advisory panels, and I have advised integrated electric utilities,
23 independent power producers, transmission and distribution companies, utility
24 associations, offices of consumer advocate, and regulatory agencies on
25 numerous policy and technical issues. Innovations include two-part tariffs for

1 transmission services, web-based self-designing retail electric products,
2 marginal cost-based cost-of-service methods, and principles for efficient pricing
3 of distribution services. I have published chapters in technical books, reports,
4 and articles in noted journals such as *The Electricity Journal*, *IEEE*
5 *Transactions on Power Systems*, and *CIGRE*. Currently, I serve as Program
6 Director of the Edison Electric Institute's Market Design and Transmission
7 Pricing School.

8

9 **Q. Would you please review the statutory mandates that guide the**
10 **determination of rate of return for public utilities?**

11 A. Yes, the statutory principles of rate of return for public utilities substantially rest
12 with two decisions of the Supreme Court of the United States. In the Bluefield
13 Water Works and Improvement Co. v. Public Service Commission of West
14 Virginia case (262 U.S. 679, 1923), the U.S. Supreme Court set forth its view
15 on fair rate of return, as follows:

16 "...A public utility is entitled to such rates as will permit it to earn
17 a return on the value of the property which it employs for the
18 convenience of the public equal to that generally being made at
19 the same time and in the same general part of the country on
20 investments in other business undertakings which are attended by
21 corresponding risks and uncertainties; but it has no constitutional
22 right to profits such as are realized or anticipated in highly
23 profitable enterprises or speculative ventures. The return should
24 be reasonably sufficient to assure confidence in the financial
25 soundness of the utility and should be adequate, under efficient

1 and economical management, to maintain and support its credit
2 and enable it to raise the money necessary for the proper discharge
3 of its public duties. A rate of return may be reasonable at one
4 time and become too high or too low by changes affecting
5 opportunities for investment, the money market and business
6 conditions generally.”

7

8 A second landmark decision of U.S. Supreme Court echoed, fortified, and
9 expanded upon the fair return standard established by the “Bluefield” decision
10 cited above for capital committed to public utilities. This second decision is the
11 Federal Power Commission v. Hope Natural Gas Company case (320 U.S. 391,
12 1944). A relevant passage of this latter decision is as follows:

13 “From the investor or company point of view it is important that
14 there be enough revenue not only for operating expenses but also
15 for the capital costs of the business. These include service on the
16 debt and dividends on the stock... By that standard the return to
17 the equity owner should be commensurate with return on
18 investments in other enterprises having corresponding risks. That
19 return, moreover, should be sufficient to assure confidence in the
20 financial integrity of the enterprise, so as to maintain its credit and
21 attract capital.”

22

23 These longstanding decisions provide the recognized framework for the fair rate
24 of return on capital committed by investors to public service. In these
25 decisions, the U.S. Supreme Court codified, in clear and readily understandable

1 terms, a statutory benchmark that serves as the basis to set fair and equitable
2 prices for retail public services such as natural gas, while also providing a fair
3 rate of return on the capital provided by investors. Though they reach back
4 many years, these decisions remain to this day the cornerstone for the
5 determination of rate of return requirements. The challenge for regulators,
6 regulated utilities, and interested parties to regulatory proceedings is to
7 operationalize these principles in contemporary regulatory processes.
8

9 **Q. Please provide an overview of your approach to the determination of the**
10 **rate of return requirements for Florida Public Utilities Company.**

11 A. Our approach follows the prescribed methodology of the Florida Public Service
12 Commission to determine the overall weighted average cost of capital
13 (“WACC”) and the overall rate of return, for regulatory purposes. Specifically,
14 we develop a forward-looking consolidated capital structure for the year 2008
15 with the exclusion of capital structure balances associated with the Company’s
16 propane subsidiary, Flo-Gas. For determining retail prices in the instant docket,
17 the recommended capital structure is determined on the basis of the 13-month
18 average balances of the components that comprise the capital structure of the
19 Company. We develop a traditional capital structure including the key elements
20 of long-term debt, short-term debt, preferred stock, and common shareholder
21 equity. Similarly, we develop a regulatory capital structure that contains, in
22 addition to these components, balances for customer deposits, accumulated
23 deferred taxes and accumulated investment tax credits of the Company
24 dedicated to providing retail electricity services. Traditional elements of the

1 capital structure are scaled pro rata, such that the regulatory capital structure, in
2 total, matches the rate base attributable to the provision of electricity services.

3
4 It is good regulatory policy to accurately capture the means by which Florida
5 Public Utilities Company underwrites its assets and rate within the regulatory
6 capital structure, providing that such structure contains an appropriate balance
7 of equity and debt, given the regulatory and operational business risks facing the
8 Company. Contemporary business, regulatory, and financial risks confronting
9 energy utilities are higher than in past years. Consequently, and consistent with
10 the business objectives of providing low-cost and reliable service, Florida
11 Public Utilities will fund its assets with larger equity participation in total
12 capital than in years past and, to this end, the year-end 2008 capital structure is a
13 better representation of the expected capital structure of the Company. This is
14 because the year-end balances capture the prospective weight, on average, that
15 common equity will assume within the Company's capital structure.

16 Furthermore, the year-end balances of the components of capital provide a
17 better balance of debt and equity for the purpose of minimizing the weighted
18 average cost of capital. Accordingly, the adoption of the projected year-end
19 capital structure to determine retail prices, which would constitute a departure
20 of the Florida PSC from its general policy of using the 13-month average capital
21 structure, would be in the long-term interests of retail consumers and the
22 Company as well. Accordingly, we offer the year-end capital structure as an
23 alternative to the 13-month average approach.

1 The cost rates applied to the 13-month 2008 balances of long-term debt and
2 preferred stock include the interest rate on the face amount and issuance costs
3 unique to each individual issue, and related debt expenses where appropriate.

4 The cost rate applied to customer deposits balances is based upon market
5 segment-specific interest rates, as determined by the Commission. The balances
6 for accumulated deferred taxes and investment tax credits are included in the
7 regulatory capital structure at cost rates of zero and the overall cost of capital
8 stated on a traditional basis, respectively.

9

10 The rate of return for common equity is determined by applying four capital
11 cost assessment methodologies including Discounted Cash Flow, Capital Asset
12 Pricing Model, Risk Premia, and an assessment of Realized Historical Returns.

13 The fourth approach constitutes a benchmark by which investors gauge the
14 future earnings prospects of financial assets and, along with other information,
15 form expectations of future returns. By assumption and empirical assessment,
16 efficient markets value (price) financial assets accordingly. These four methods
17 are well founded by modern finance theory and are often used to determine the
18 cost rate for common equity capital. The Risk Premia methodology infers the
19 underlying opportunity cost of capital on a basis of the relative risks of debt and
20 equity capital.

21

22 **Q. Can you please summarize your findings and recommendations?**

23 A. Yes. Our studies give rise to an overall rate of return recommendation of
24 8.07%. The determination of the 8.07% rate of return is shown in Exhibit 1,
25 which reveals the balance amounts for each financial component of the capital

1 structure, the share that each component represents, the attending cost rate, and
2 the overall rate of return. As mentioned above, the overall rate of return
3 recommendation is based upon a 13-month 2008 regulatory capital structure
4 that, consistent with utility regulatory policy in the State of Florida incorporates
5 customer deposits, accumulated deferred income taxes, and investment tax
6 credit balances.

7
8 The recommended 8.07% overall return level incorporates a common equity
9 return of 11.50%. As mentioned, the opportunity cost of shareholders of Florida
10 Public Utilities Company is assessed with four valuation methods. The results
11 of studies based on the valuation methods are shown in Exhibit 2, along with the
12 equity return recommendation.

13
14 This recommendation, if adopted by the Florida Public Service Commission,
15 will enable Florida Public Utilities Company to continue to provide highly
16 reliable electricity service to its customers at favorable prices. At the same
17 time, the recommendation provides an adequate level of compensation to the
18 shareholders of Florida Public Utilities Company on the capital that they have
19 committed to the Company. Satisfactory returns to equity also enable the
20 Company to continue to attract long- and short-term debt at favorable terms and
21 interest rates that, in both the near-term future and the long-run, are in the best
22 interests of retail electricity consumers.

23
24 Fair and adequate allowed returns to capital are vital, and we cannot over-
25 emphasize to the Commission the importance of setting the overall rate of return

1 at a sufficient level, particularly in the current environment of considerable
2 levels of risk and uncertainty. The determination of an adequate return level by
3 the Florida Public Service Commission signals to the investment community
4 including mutual funds, long-term private investors, speculators, mortgage
5 bankers, and commercial banks that the business and regulatory environment in
6 which Florida Public Utilities Company operates has continuity and stability
7 over the long term. Importantly, it also signals that the Commission is
8 supportive of the Company and the job that we do on an ongoing basis for retail
9 consumers.

10

11 **Q. Electricity is intermingled with and highly dependent upon energy**
12 **markets, particularly markets for primary fuels. Can you please provide a**
13 **profile of contemporary electricity markets and the implications for**
14 **electricity distributors and the cost of equity capital?**

15 A. Infrastructure industries, including the electricity services industry in particular,
16 are undergoing significant restructuring with no immediate end in sight. This
17 restructuring assumes a number of dimensions including service unbundling in
18 both retail and wholesale markets, competitive entry and new mechanisms to
19 determine the prices for services. At the wholesale level, utilities face and are
20 part of the expansion of wholesale services and contract mechanisms to hedge
21 varying degrees of risks; divestiture of generation; and the appearance of wide-
22 scale participation in wholesale electricity commodity markets by power traders
23 and speculators who are deeply involved in commodity markets generally.
24 Wholesale markets are being organized under the auspices of regional
25 transmission organizations referred to as RTOs. RTOs serve as the agent for

1 markets as a whole, where regional markets are unbundled according to time
2 (hourly markets), space (locational pricing of energy), and services including
3 energy, reserves (including regulation, spin, non-spin, and supplemental
4 categories), as well as financial transmission rights (FTRs) of various types.
5 While wide-scale change has been in the works for years and is arguably most
6 pronounced at the wholesale level, as precipitated by the Energy Act of 1992,
7 significant change has been and is currently underway within retail markets as
8 well. At the retail level, regulated utilities face a gamut of changes regarding
9 new regulatory governance arrangements including pre-approval, decoupling,
10 and various performance assessment mechanisms; auctions for provider of last
11 resort ("POLR") services; renewable resource portfolio standards, and new rules
12 and requirements regarding reliability requirements, aside from the new
13 reliability (and implied cost) commitments imposed on service providers by the
14 North American Electric Reliability Council ("NERC"), which has been
15 recently designated by the Federal Energy Regulatory Commission ("FERC")
16 as the national electric reliability organization ("ERO").
17
18 Driven to improve earnings performance and exploit growth opportunities,
19 many integrated electric utilities have since the late-1980s pursued non-
20 regulated business ventures including activities fairly far afield from electricity
21 services such as real estate and insurance, as well as diversified energy services
22 including distribution operations, nuclear generation, renewable resources, and
23 power trading. In a number of cases, generation (and to a lesser extent
24 transmission) assets have been sold off to independent generation companies or
25 unregulated generation entities have been formed from the generation business

1 units of the integrated utilities. Thus, deregulation has resulted in an
2 increasingly broad range of business activities, business organizations and entity
3 structures within the electricity services sector of the economy, obtained
4 through competitive entry and consolidation of functionality across entities.
5 The financial performance of entities within the electricity services industry
6 including the expected returns to capital and financial risks, is much more
7 closely linked to energy markets, generally, than was previously the case.

8
9 The net result is generally positive, as competitive entry arguably obtains
10 reduced costs to the benefit of consumers, at least in the long run. Nonetheless,
11 these changes in structure, much of which have been accompanied by and
12 ushered in through regulatory changes, have also raised capital risks associated
13 with electricity services, as perceived by investors. This backdrop of higher
14 capital risks occurs at a time when electricity service providers, including
15 Florida Public Utilities Company, face steadily expanding electricity service
16 demands and an array of new requirements covering, among other things,
17 capital renewal at a time of fast rising costs for electrical equipment.

18

19 **Q. Your testimony mentions capital risks and capital renewal. Perhaps you**
20 **can elaborate on the meaning of capital, and how it comes about.**

21 A. Capital refers to economic resources of a durable nature that contribute to
22 production of good and services, or may provide services directly. Capital
23 resources of an economy are readily at hand; examples include manufacturing
24 equipment, software, commercial buildings, residential dwellings, streets and

1 highways, airports and, importantly, the accumulation of skills and knowledge
2 of the workforce. Capital is accumulated savings over time, where savings
3 refers to the proportion of the output of an economy that is not consumed as
4 current goods and services. Essentially, savings is the share of output held back
5 and invested in—i.e., put into—capital resources. The cumulative level of
6 investment over time, covering decades, constitutes the capital stock of an
7 economy and a society. It is useful to mention that capital can assume various
8 investment forms aside from financial assets in private and public companies
9 and other entities. The stock of capital includes real estate, durable household
10 goods, education, public property and infrastructure such as libraries, museums,
11 parks, roads, and transit systems. Individuals, firms, and government entities
12 invest funds in capital resources if the expected flows of benefits realized by the
13 investments in the future are equal to or greater than the value of current
14 consumption given up or foregone.

15

16 **Q. Please review the notions of cost of capital, opportunity cost of capital, and**
17 **discuss how risk affects the opportunity cost of capital.**

18 A. The cost of capital is the compensation required by investors for postponing
19 consumption, for expected inflation, and for exposure to capital risks of various
20 dimensions. *Cost of capital* refers to the underlying interest rate used to
21 discount expected benefit flows of capital resources including returns to
22 financial assets, and is sometimes referred to as the rate of discount, or simply
23 the discount rate.

1 Financial assets include a multitude of debt vehicles, equity, and derivatives,
2 and are tailored to participants of capital markets including household, small
3 business, corporate, and government segments. Participants across these
4 segments—*i.e.*, investors including lenders and holders of common and
5 preferred stock— can supply capital while other participants (such as borrowers
6 and common stock issuing companies) demand capital. Commercial banks,
7 credit unions, finance companies, capital exchanges, and investment banks
8 serve as intermediaries that provide the institutional means that facilitate the
9 interaction and linkage of the supply and demand sides of financial markets.
10 These functions essentially include lending, borrowing, and the issuance of
11 equity vehicles. Banks and credit unions borrow (and store) financial assets that
12 in turn are invested in the form of debt and to a lesser extent equity.

13
14 Household debt vehicles include, for example, personal loans covering
15 appliances, household services, and credit card mechanisms through finance
16 companies and banks, and real estate and so-called home equity loans. Business
17 loans include short-term loans and lines of credit with banks, inventory
18 financing through business wholesalers, and commercial paper of various terms.
19 Corporate debt can be in the form of lines of credit with banks, and mortgage
20 and debenture bonds, while government debt can be in the form of revenue
21 bonds of cities, and short- and long-term debt of various terms.

22
23 Equity refers to common and preferred stock, where the investor assumes a
24 share in the ownership of a corporate entity. In some cases, debt instruments
25 can participate in equity returns and have rights of conversion to common stock.

1 Derivatives refers to options and forward contracts that are specifically designed
2 for speculation and risk hedging, where the market worth of the derivative is
3 determined by investor expectations in the underlying price of a financial asset
4 or commodity.

5

6 **Q. What factors contribute to the underlying cost of capital regarding**
7 **financial assets?**

8 A. The underlying cost of capital is determined by investors and, in the large, by
9 individuals and entities (including government entities) that provide savings and
10 thus the accumulation of capital within the economy. In the case of financial
11 assets, expected benefits are in the form of future cash flows including interest
12 payments, dividend payments, market appreciation, and return of principal.

13 When investors supply funds to entities such as utilities and government entities
14 and municipalities, not only are they postponing consumption—giving up the
15 value of alternative expenditures in some other way, they are also exposing
16 funds to the devaluation of ongoing inflation and various uncertainties and risk
17 attending future cash flows. Investors are willing to incur these risk factors only
18 if they are adequately compensated. While the market prices of other inputs
19 including labor, materials, energy can be easily verifiable, the cost of capital—
20 essentially, the price of capital—is not easily discerned and, all too often,
21 requires estimation through the cautious application of analytical methods.

22

23 The cost of capital, however, remains positive absent inflation and risks, as
24 savers require compensation for foregoing the right to use the funds saved for
25 consumption of goods and services—essentially, the time value of money.

1 The cost of capital is determined by the demand for capital, supply of savings,
2 expectations of inflation, and perceptions of risks harbored by participants in
3 capital markets. The demand for and supply of capital are determined by
4 expectations of future levels of economic activity, while expected inflation is
5 driven largely by monetary policy over the relevant timeframe. Perceptions of
6 risk, in turn, cover many dimensions including uncertain government policy and
7 the effects of natural phenomena such as weather. The cost of capital—the
8 discount rate stated in nominal terms—increases with rising demand for capital,
9 with expectations of higher rates of inflation, and with heightened perceptions
10 of risk. Arguably, risk is the key contributing factor for the estimation of the
11 cost of capital.

12

13 **Q. Please elaborate on capital risks, and estimation of the cost of capital.**

14 A. In addition to the global risks alluded to above (weather, government policy,
15 etc.) dimensions of risk also cover idiosyncratic factors associated with specific
16 capital resources, such as that of individual entities or companies. Accordingly,
17 financial markets will re-price downward the bonds of a private company,
18 should the *current* financial condition of the company suddenly decline.
19 Essentially, the decrease in the company's current condition, reflected as
20 reduced interest coverage—causes the expectation of the future condition of the
21 company to also decline. Expectations of future financial conditions (possible
22 states) of the specific company are idiosyncratic risks. Because cost of capital
23 rises with increased risks, the price of the bonds decline. Bond prices and
24 discount rates, in the form of the net interest rates or bond yields (and yield to

1 maturity), move in opposite directions; bond yields increase as bond prices
2 decline, and decrease as bond prices rise.

3
4 Resources migrate to the highest valued use and worth, given perceived risks,
5 such that the returns to capital are equivalent to opportunity costs. The various
6 forms of capital compete among themselves for savings and with other non-
7 capital resource inputs and opportunities. Similarly, the vehicles of investment
8 of individual entities, such as the specific bonds of a municipality or the
9 common stock of a company, must compete for savings through a process of
10 capital attraction. That is, if the outlook for earnings of a company rises,
11 participants in capital markets—investors—allocate more capital to the
12 company by bidding up the price of the stock thus increasing the company's
13 market capitalization. Conversely, perceptions of heightened risks associated
14 with the debt of a company or municipality precipitates a decline in the market
15 value of the outstanding bonds, as capital migrates from the
16 company/municipality to other resource opportunities. Thus, the prices of
17 financial assets of entities including debt and equity securities are highly
18 sensitive to perceptions of risk. Capital markets trade off risks and expected
19 returns, given the overall menu of available choices, as alternative
20 opportunities.

21
22 At an undefined point in time such that levels of supply and demand for capital
23 and expectations of inflation are roughly equivalent (as a matter of consensus),
24 the cost of capital is a matter of risk. Essentially, then, the cost of a specific
25 source of capital is basically determined by the underlying riskiness of that

1 investment in view of alternative opportunities that, together, represent the
2 investors' current opportunity set. Hence, the cost of capital associated with
3 specific investment opportunities, is differentiated by risks alone, as the other
4 factors that impact the cost of capital—*i.e.*, supply-demand balance, inflation
5 expectations—are common to all investments, and capital more generally.
6 Competitive capital markets, through the process of assessing, buying, and
7 selling, ensure that the expected payoff in the form of market rate of return is
8 approximately equal to that of other investments of equivalent risk. In short,
9 debt and equity investment vehicles of comparable risk are priced the same. If
10 not, investors as participants in capital markets will bid up securities with
11 comparatively low risks and bid down others with comparatively high risks. If
12 investor perceptions of capital risks attending a utility increase—or the
13 expectations for returns decline—markets bid down the securities of the utility.
14 This implies that a utility will be unable to attract capital on equivalent terms, a
15 result that is manifested in either of two ways: the quantity of capital acquired,
16 in the form of new securities offerings, is reduced for a given level of return
17 (stated in dollars), or a higher prospective rate of return attends the new
18 offerings—it costs more to obtain an equivalent quantity of capital.

19
20 As mentioned above, investor rate of return is the discount rate that causes the
21 present value of the expected cash flows, as receipts realized by investors, to
22 equal the market value of the financial asset. From the utility side, the cost of
23 funds raised by the utility through the sale of securities is equal to the
24 discounted present value of the cash outflows to be paid by the utility, as
25 expected by investors. But since the (positive) cash flows stream to the investor

1 is identical to the cash outflows of the utility, the two discount rates must be
2 identical, abstracting from the effects of flotation costs, which causes the costs
3 to the issuer to exceed the return required by investors to the extent that
4 flotation costs decrease the net amount of funds actually available to the issue.
5 In other words, the cost of capital to the utility is synonymous with the
6 investors' expected rate of return. Hence, the cost of capital is the discounted
7 expected cash flows necessary for the security to "pay the price"—*i.e.*, in order
8 to satisfy investors' required rate of return.

9
10 When capital markets are sufficiently competitive, they ensure that the market
11 value and worth of financial vehicles of the outstanding debt and equity—as
12 held by the investment community, which can include households, financial
13 institutions, government entities, and non-financial companies, is set (*i.e.*,
14 priced) at a level such that the returns to capital approximate the cost of capital.
15 Because investors are averse to risks, competitive financial markets price
16 financial assets inversely according to perceptions of risks, all other factors held
17 constant.

18

19 **Q. Why is this construct relevant and how does it relate to Florida Public**
20 **Utilities Company and its capital needs?**

21 A. As discussed, capital resources are the result of cumulative investment, and are
22 obtained or funded directly or indirectly from savings of households and firms
23 over time. Savings is the share of income of the economy as a whole that is not
24 expended as consumption within a current period, and is typically measured as

1 dollars or percentage shares in either quarterly or annual periods. This means
2 that the capital resources employed by Florida Public Utilities Company
3 including power delivery systems such as transformers and lines, meters, trucks
4 and vehicles, computer systems, software, office facilities and buildings,
5 inventory and stores, and land are costly, where cost is reflected as the annual
6 carrying charges on capital, measured in the form of the net utility rate base.

7
8 Whereas the cost of skilled labor, materials and supplies, purchases of
9 generation and transmission services, or other inputs used in the production
10 process of utilities are expressed in money terms—*e.g.*, purchased power stated
11 as dollars per megawatt hour—the cost of capital is expressed as an interest rate,
12 typically shown as an annual percentage of the principal amount committed by
13 investors. The cost of capital—or perhaps more accurately, the *cost rate of*
14 *capital*—to the firm can be referred to as the *required rate of return (%)* on the
15 capital resources committed by investors. In the case of public utilities,
16 invested capital is referred to as the rate base, valued at either original cost or
17 fair market value. For the determination of setting retail prices in the U.S., the
18 regulatory convention is to value the capital of public utilities at original cost.

19
20 To facilitate the commitment of capital (investment) by savers and their agents
21 to the firm, the firm offers property rights, including bonds or promissory notes
22 to debt holders and shares of stock to equity investors. These property rights
23 define the commercial terms and conditions under which savers and their
24 agents, as investors, commit capital. Property rights are capital (financial)
25 assets, and are generally tradable. Financial assets are claims on the income of

1 the firm as compensation for the commitment of capital, and are the financial
2 obligations of the firm. Shares of stock constitute ownership in the firm.

3

4 In the case of long-term debt—*i.e.*, mortgage bonds, debentures, and long-term
5 notes—the interest on the principal (face) amount of a bond (debt) or the
6 coupon rate on the share of preferred stock defines the level of compensation.

7 Often, the interest rate is a predefined annual rate that remains fixed over the
8 term of the debt. However, long-term debt instruments can have a number of
9 other provisions that, in essence, provide for more complete contracting by
10 managing risks through risk sharing between the debt holders and the borrower
11 (the firm). These provisions can include 1) adjustments to the rate of interest to
12 reflect contemporary market conditions *and* rates of inflation, 2) participation in
13 earnings of the firm, 3) conversion rights, and 4) voting rights in the
14 management of the firm.

15

16 In the case of short-term promissory notes, agreements with commercial banks
17 define the mechanism by which interest, stated in dollars, is determined. Often,
18 the commercial terms of promissory notes define interest to be paid monthly on
19 the outstanding daily balance (principal) outstanding. The rate of interest
20 applied to the outstanding balance is typically tied (indexed) to the interest rate
21 on obligations of some widely known financial market—say, the London
22 Interbank Offer Rate (LIBOR) or Fed Funds—which also varies daily or
23 monthly.

1 Common stock property rights are somewhat different from other financial
2 obligations because, as owners of the firm, the returns to shareholders are
3 residual amounts following the compensation of other resources employed by
4 the firm including debt obligations. Common equity is essentially compensated
5 last, and bears the burden of much of the business, regulatory, and financial
6 risks of the firm. For this reason, common equity is, in virtually all cases, more
7 costly than other forms of financial instruments.

8
9 As with other markets, capital markets have primary and secondary dimensions.
10 Primary markets are the institutions and processes that facilitate the initial sale
11 of the financial obligations of the firm to initial investors, whereas secondary
12 markets are structured market processes that provide the means by which
13 investors can purchase and sell existing rights, including shares of stock and
14 debt obligations. Financial instruments can assume many forms, and debt
15 securities (bonds) and equity shares are actively traded in financial markets,
16 which are generally considered to be highly liquid and competitive. However,
17 to the degree that financial obligations 1) carry specialized and non-common
18 commercial terms, and 2) secondary—and to a lesser extent, primary—markets
19 are less liquid, holders of such obligations assume higher risks, other factors
20 held constant. This is the case where the pool of buyers and sellers is limited
21 and the volume of transactions is comparatively small. Relatively low levels of
22 liquidity imply higher transaction costs and risks to investors, which translates
23 directly into higher costs of capital to the firm.

1 Competition is a term that describes some markets, and markets are said to be
2 competitive if certain conditions exist. Markets can be characterized as
3 competitive if they involve: 1) a very large number of buyers and sellers, 2)
4 information relevant to the determination of prices is readily available, complete
5 and not costly, and 3) transactions costs are low. Because of the workably
6 competitive nature of financial markets, arbitrage opportunities are more or less
7 exhausted. This means that, for both primary and secondary markets, financial
8 property rights trade at levels (prices) such that perceived risks and
9 opportunities for prospective returns to capital are appropriately balanced and
10 approximate those of other investment opportunities. Thus, above-normal
11 returns, which implicitly include compensation for risks, cannot be seemingly
12 realized by investors over prospective periods in systematic fashion.

13
14 Competition inherent to U.S. and worldwide financial markets ensures that the
15 prices of common shares (share prices) and bonds are at a level that reflects the
16 opportunity cost of capital. As an example, assume that the perceived risks
17 attending the returns to common shareholders of firm A are equivalent to those
18 of firm B and other firms. If the share prices of firm A suggest a market return
19 of 10%, while the prices of firm B and other firms of comparable risks suggest
20 (allow) market returns of 13%, the market price of firm A will fall to a level that
21 provides a basis for market returns of just 13%, prospectively. A price that
22 allowed for a 10% prospective market return is insufficient in the presence of
23 opportunities for market return of 13% on alternate investments of comparable
24 risk. Essentially, the 13% market rate of return on investment alternatives
25 constitutes the opportunity cost of capital. Most remarkable is the expedience—

1 literally, in minutes—with which share prices adjust to levels that appropriately
2 balance prospective returns to equilibrium levels *based upon perceptions of*
3 *risks*. In short, equivalent and comparable risks translate directly into
4 comparable rates of return, which is the cost of capital of common shareholders
5 in—and thus of—the firm.

6
7 As mentioned early on, the cost of capital is a function of the demand for and
8 supply of capital, investor expectations of inflation, and investor perceptions of
9 risks. Because the conditions of demand and supply as well as expectations of
10 inflation are more-or-less common to financial markets at any point in time,
11 financial vehicles are differentiated by risks. Hence, the expected returns and
12 prices of bonds and common shares (normalized for denomination and size) at
13 any point in time are largely if not exclusively differentiated by perceptions of
14 risk.

15

16 **Q. How is this general discussion of capital markets relevant to Florida Public**
17 **Utilities Company?**

18 A. Because the cost of capital is positively related to risks, continuity of regulatory
19 policy mitigates capital risks of Florida Public Utilities Company to the benefit
20 of retail consumers by providing a sustained regulatory environment that
21 facilitates a steady flow of revenue that closely adheres to the costs of electricity
22 services.

23

24 **Q. Would you please review the capital structure, interest coverage**
25 **requirements, and the implications for sufficient coverage?**

1 A. Interest coverage refers to the times that debt interest is covered by income, and
2 is the most important measure of investment risk of corporate debt. Interest
3 coverage is a major concern of Florida Public Utilities Company as it is the
4 basis upon which the Company maintains its favorable credit standing with
5 markets and continues to obtain long- and short-term debt at favorable rates of
6 interest. Interest coverage under the recommended capital structure and rate of
7 return for the Company's consolidated electricity services business unit is
8 estimated to be 4.06, compared to 2.5 times using current rates. Please reference
9 Exhibit 12, Page 2

10

11 For purposes of comparison, we also show interest coverage over the historical
12 timeframe on Exhibit 12, page 2. As can be seen, the coverage implied by the
13 recommended rate of return is adequate though not at a robust level. Two
14 conclusions are reached:

15 1) While the implied coverage level is acceptable, the Company must
16 sustain a flow of earnings at consistent levels in order to maintain
17 adequate coverage and also satisfy debt covenants.

18 2) Contingency events and business conditions that give rise to sudden
19 and unexpected changes in revenue or cost flows can imply immediate
20 shortfall in coverage. In short, the coverage level obtained from
21 earnings at the recommended rate of return is only adequate in today's
22 environment of higher capital risks.

23 The importance of coverage cannot be overstated. Indeed, in discussions with
24 investment banks, commercial banks, and stock analysts regarding the financial
25 condition and soundness of the Company, a salient point of concern continues to

1 be coverage of debt. Lending entities, private investors, and investment banks
2 continue to emphasize the importance of consistently-realized adequate interest
3 coverage as the essential measure of the Company's capability to service long-
4 and short-term corporate debt.

5
6 As can be seen, the recommended rate of return requirement, 8.07%, provides
7 satisfactory interest coverage. And although the overall return recommendation
8 provides adequate coverage, it is certainly not abundant. Hence, it is absolutely
9 necessary that Florida Public Utilities Company realize adequate and sustained
10 flows of income to ensure that the Company satisfies credit risk requirements.
11 Coverage is our window of access to capital at favorable rates of interest and
12 under reasonable terms, enables the Company to provide electricity services.
13 Setting the overall rate of return at a satisfactory level of 8.07% is necessary and
14 in the best interest of retail electricity consumers.

15
16 **Q. What is the appropriate capital structure for determining retail prices in
17 this docket?**

18 A. Two fundamental issues are present. First, should the Commission utilize a
19 consolidated capital structure for setting retail electricity prices and under what
20 conditions should the Commission depart from a consolidated capital structure?
21 Second, should an average or year-end capital structure be utilized?

22
23 *Issue 1: Conditions to Justify Departures from the Consolidated Capital*
24 *Structure.* In the absence of large-scale subsidiary operations, the Florida
25 Commission should generally utilize a consolidated capital structure where such

1 approach provides a reasonable balance between debt and equity. Under such
2 conditions, the Commission is assured that the service provider is, in the best
3 interest of retail consumers, underwriting its assets dedicated to providing utility
4 services at least cost.

5
6 This can be viewed as a principle that defines criteria useful to the Commission
7 in regulatory decisions regarding the issue of the appropriate capital structure
8 for the determination of retail prices. Specifically, and as a general rule, the
9 Commission should only deviate from a consolidated capital structure when this
10 condition—*i.e.*, an appropriate balance between debt and equity—is not
11 satisfied. The corollary to this principle is that the Commission and its staff
12 should never remove or add accounting-based line items from a consolidated
13 capital structure that is appropriately balanced. Two facts of financial
14 accounting underlie this corollary, as follows:

15 1) A firm cannot ever trace and identify, as a matter of dollar flows, specific
16 sources of funds to specific uses of funds. The Treasury of a firm
17 essentially constitutes a pool or inventory of current funds, cash, that
18 continually experiences fund inflows and outflows. One cannot say that a
19 specific source of funds is earmarked for a specific use. As an example,
20 one cannot say that cash flow returns and operating income that arise from
21 the Company's electricity operations are used solely to underwrite
22 resources for the electricity business. Electricity-sourced cash flows are,
23 in fact, used across the combined operations of the natural gas, electricity,
24 and propane businesses of the Company—and similarly for the natural gas
25 and propane operations.

1 2) The Company's balances of long-term debt, short-term debt, preferred
2 stock, and common equity stated on a consolidated basis represent the
3 accrual over years of the net flows of funds of the Company including
4 external and internal sources. The balances for these financing vehicles
5 can and should be used as the basis by which the Company underwrites
6 any and all of its assets, stated on either a consolidated or an individual
7 basis. This is simply a business, accounting, and financial fact.

8 There is no reasonable basis, thus, to exclude Flo-Gas balances from the
9 Company's capital structure for purposes of setting retail electricity prices in the
10 current docket. Indeed, exclusion of Flo-Gas balances may harm retail
11 electricity consumers in various ways, aside from the inherent contradiction to
12 the realities and facts of financial accounting identified above.

13
14 Second, exclusion of Flo-Gas balances from the capital structures used to set
15 prices for the regulated operations, including electricity and natural gas,
16 implicitly assigns common equity, which is comparatively high-cost, to the
17 Company's unregulated propane operations, placing the propane operations at a
18 competitive disadvantage with other propane companies. One can expect that
19 other companies will leverage assets in a manner similar to that of the
20 Company, in order to finance propane and competitive, non-regulated energy
21 services. As a consequence, the Company needs to follow a similar policy. If
22 the Company is required to assign only equity to non-regulated operations, it is
23 implicitly forced to charge correspondingly higher prices in order to generate
24 adequate returns.

1 Third, the consolidated capital structure of Florida Public Utilities Company
2 stated on 13-month average basis for 2008 represents a sound balance of debt
3 and equity financing that fully satisfies the financial needs of the Company,
4 particularly in view of the comparatively small size of Florida Public Utilities.
5 This is evidenced by the comparative sample of electric utilities used to
6 determine the cost of capital. Specifically, equity participation within the
7 Company's 2008 capital structure resides within one standard deviation of the
8 average participation of the sample. Hence, the Company's financing policy
9 and strategy conforms to a reasonableness standard, in addition to fully
10 satisfying the financial prudence and flow of funds criteria outlined above.

11

12 Nonetheless, the recommended weighted average cost of capital presented
13 within our testimony follows the Commission's prescription. Namely, the Flo-
14 Gas balances are excluded from common shareholder equity for purposes of
15 determining the overall rate of return to set retail electricity prices within the
16 immediate docket.

17

18 *Issue 2: Average or Year-End Capital Structure.* This second issue implies two
19 subsidiary questions: is the average or year-end capital structure the most
20 representative on a forward-looking basis beyond 2008. As shown on Exhibit 1,
21 page 1, the average capital structure for 2008 for Florida Public Utilities
22 Company contains equity participation of 40% and 50%, respectively, under
23 regulatory and traditional methods of stating the underlying invested capital. As
24 a result of the issuance of common equity shares at mid-year 2008, the average
25 balances approach inherently does not take account of the level of equity

1 participation beyond 2008, the period over which the retail prices will be in
2 effect.

3

4 The appropriate correction for this understatement of the overall cost of capital
5 for the Company, which is inherent with the use of average capital balances in
6 the face of the pending issuance of new shares, is to use a year-end capital
7 structure. The result of such approach is shown on pages 2 and 3 of Exhibit 1,
8 where the year-end based weighted average cost of capital is presented, shown
9 with and without Flo-Gas balances. Specifically, year-end balances reflect
10 equity participation of 42% and 54% for the regulatory and traditional capital
11 structure. This higher equity participation level translates into weighted average
12 cost of capital results of 8.13%, stated for regulatory purposes. In short, the
13 average capital structure for 2008 leaves Florida Public Utilities Company short
14 by 6 basis points, which implies an unrecognized revenue shortfall of about
15 \$40,000, stated on a going-forward basis.

16

17 **Q. Can you please review your recommendation for the cost rate of long-term**
18 **debt?**

19 A. Yes. Florida Public Utilities Company has raised long-term debt from time to
20 time based upon the need for capital and our Company's financial policy of
21 maintaining a balanced capital structure. Because of our conservative
22 management philosophy, we have consistently raised new debt issues at
23 favorable rates of interest at the time of issue. Contributing to favorable interest
24 rates are the conservative sinking fund provisions of the earlier higher-cost debt
25 issues of the late-1980s – early-1990s.

1 The cost rate of 7.96% for long-term debt, shown in the column entitled
2 “Annual Cost Based Rate” of Exhibit 3, reflects the weighted average cost of
3 the five issues of long-term mortgage bonds of the Company, currently. These
4 debt issues have face interest rates of 4.90% to 10.03%, and were issued by the
5 Company over the period 1988 – 2001. The balances shown reflect the amounts
6 that the Company expects to carry on its balance sheet on average over the year
7 2008 and beyond. The Company does not plan to issue long-term debt during
8 the interim two years.

9
10 The 7.96% overall cost rate of long-term debt reflects issuance costs and losses
11 on reacquired debt, which causes the effective cost rate to be somewhat greater
12 than that of the weighted cost of the face interest rates alone. The 7.96% overall
13 cost rate for long-term debt is calculated using the amortization schedule for
14 debt expenses. This costing procedure follows the conventional accounting
15 approach to determining the cost rate for long-term debt, and is consistent with
16 the policy endorsed by the Florida Public Service Commission.

17

18 **Q. Would you please review the cost rate of short-term debt and related**
19 **issues?**

20 A. Florida Public Utilities Company maintains, and expects to maintain over the
21 foreseeable future, a short-term debt facility that makes available short-term
22 debt at a cost rate determined by London Interbank Offer Rate (LIBOR). The
23 short-term debt cost rate is equal to the 30-day LIBOR plus 90 basis points, plus
24 other charges related to unused facility balances as well as fees charged for the
25 facility itself. The Company currently has a \$12 million line of credit with

1 Bank of America, which upon 30 days notice can be increased to a maximum of
2 \$20 million. Based on current cash flow projections we anticipate increasing
3 the line to \$15 million by November 2007. We anticipate lowering the line of
4 credit to \$12 million after the issuance of additional shares of common equity,
5 which is scheduled for the middle of 2008.

6
7 The interest rate margin above LIBOR (90 basis points) for the Company's
8 current short-term debt facility is somewhat above that of the Company's
9 previous short-term debt facility, which reached the end of its contract in March
10 2003. The higher margin requirements, as imposed by financial lending
11 institutions internationally, reflect higher perceived risks, both generally and
12 within energy markets, than in previous years.

13
14 The expected effective short-term debt cost rate incurred by the Company for
15 short-term debt, for use to determine prices in the current docket, is determined
16 by first projecting the Federal Funds rates in the U.S. for the timeframe over
17 which the retail electricity prices will apply. Then, given the historical
18 relationship between LIBOR and the rate for U.S. Fed Funds, the LIBOR rate is
19 estimated. Once determined, the short-term debt cost to Florida Public Utilities
20 is obtained by recognition of the 90 basis points margin above LIBOR plus
21 other charges covering the unused balances and the fee for the availability of the
22 credit facility.

23
24 The key short-term interest rate is the Fed Funds rate. Historically, Fed Funds
25 have traded 18 Basis Points below LIBOR over the 1990 – 2006 timeframe.

1 The interest rate on Fed Funds is determined by the monetary policy of the
2 Board of Governors of the Federal Reserve Bank, and closely follows that of
3 short-term U.S. Treasury Bills. Historically, Federal Funds “trade” at an
4 interest rate slightly above that of 90-day T-Bills. At this point, the apparent
5 consensus view is that monetary policy and thus the short-term interest rates
6 will hold firm at or near current levels over the foreseeable future, which
7 implies a fed funds rate of 5.25% currently and, in turn, a LIBOR interest rate of
8 5.43%. In turn, this result translates into a cost rate of 6.33% for the
9 outstanding balances on short-term debt balances, once the margin above
10 LIBOR is recognized. The fees associated with the unused credit line and direct
11 charges when coupled to charges for the outstanding balances obtain an overall
12 effective short-term debt interest rate of 6.81%, which is applied to the 13-
13 month average balances of short-term debt.

14
15 It is useful to briefly describe the longer history, as it relates to the
16 determination of short-term interest rates. Specifically, the Federal Reserve
17 followed a policy of interest rate targeting for a number of years prior to late
18 1979, when money supply targeting was abruptly adopted. The result was high
19 and volatile short-term interest rates, although money supply targeting arguably
20 reduced substantially the high levels of inflation and inflation expectations of
21 the early 1980s. From the mid-1980s forward, monetary policy has been more
22 accommodative of economic conditions and needs, within the long-term
23 objective of containing overall inflation at moderate levels. As observed during
24 the 1990s, the Federal Reserve has employed an array of indicators and metrics
25 to determine monetary policy, including reserve targeting. As a general rule,

1 reserve targeting gives rise to greater variation in short-term interest rates, while
2 interest rate targeting, which suggests greater variation in the supply of reserves,
3 results in less variation. At this writing, short-term interest rates, with Fed
4 Funds residing at 5.25%, are expected to hold steady to slightly declining over
5 the foreseeable future, barring changes in the expected level of economic
6 activity or current escalation of core inflation.

7

8 The use of the current 5.25% Fed Funds interest rate as the basis for the
9 Company's effective short-term debt cost rate is in keeping with the
10 Commission's decisions regarding the Company's rate change filings of 2003
11 and 2004. Also, and as mentioned above, it appears that this interest rate level
12 is likely to hold over the foreseeable future.

13

14 Finally, we wish to discuss the methodology used to determine the effective
15 interest rate for 2006. The interest rate charges on the Company's short-term
16 debt facility are based on daily balances. If the daily balances closely
17 approximate month-end balances, month-end balances provide a useful basis to
18 determine the average short-term debt cost rate. Where the daily balances
19 deviate significantly from the month end balances, however, this approach will
20 not provide an accurate reflection of the Company's true cost of short-term
21 debt. This was the case for the Company during 2006. Accordingly, the short-
22 term debt cost rate for the historical year 2006 has been developed using the
23 average daily balances which accurately reflect the true cost rate incurred by the
24 Company on short-term debt during that year.

1 **Q. Please review the cost rate of preferred stock.**

2 A. Florida Public Utilities preferred stock consists of a single issue of 6000 shares
3 that dates to December 28, 1945 at a coupon rate of 4.75%, as shown on
4 Exhibit 5.

5
6 **Q. You briefly discussed methods for the determination of the cost of common
7 equity capital in the summary of your approach to rate of return. Can you
8 elaborate on these methods?**

9 A. Yes. We begin by reiterating three essential points. First, the cost of equity of
10 the firm—and of investors in the firm—is a function of perceptions of risk, the
11 demand for and supply of capital, and expectations of inflation. Second, the
12 cost of common equity of the firm is equal to the opportunity cost of capital
13 incurred by common shareholders of the firm contemporaneously, though the
14 experience of long-term history guides the assessment of opportunity costs.
15 Third, the cost of equity of the firm is equal to the expected market rate of
16 return on alternative investments of comparable risks available to
17 shareholders—*i.e.*, the opportunity cost of capital.

18
19 The determination of the opportunity cost rate for equity capital is challenging
20 for two reasons. In the case of debt, both the market price and future expected
21 cash flow returns to capital are observable by inspection. Thus, the net
22 expected yield to maturity, which reflects the opportunity cost of capital to
23 holders of debt, can be determined directly. This *is* the market rate of return, *ex*
24 *ante*. For purposes of determining the overall utility rate of return, however, the

1 cost rate of long-term debt is that which is set at the time of issuance in primary
2 financial markets.

3

4 In contrast, expectations of investors about the prospective cash flows and
5 market returns on common equity cannot be observed directly, and must be
6 inferred with estimation procedures. Also, the allowed equity rate of return is
7 typically set according to the current and expected cost of capital, though much
8 of the equity investment was committed in many years past.

9

10 In the determination of cost rate for debt obligations, investors' perceptions of
11 risks are implicit in the primary and secondary market prices of the debt
12 obligations themselves, and need not be known or even estimated. In contrast,
13 the determination of the cost of common equity involves the perceptions of
14 future risks harbored by investors, as a matter of the consensus view.

15 Perceptions of risk are also not observable directly, and thus must be inferred.

16 In short, the cost of common equity can only be discerned through the proper
17 and careful application of well-established methods that provide the cornerstone
18 for modern finance theory. While the methods employed herein are well-
19 established, the procedures to determine the cost of equity capital require
20 estimation of key parameters.

21

22 As mentioned, the recommendation for the rate of return on equity for Florida
23 Public Utilities Company is developed by applying four estimation methods.

24 These procedures include variants of the constant growth Discounted Cash Flow
25 model (DCF), and the Capital Asset Pricing Model (CAPM). These classical

1 approaches are commonly recognized within modern finance theory and are
 2 readily utilized by the investment community. The results of these two formal
 3 models of the cost of capital are augmented by historical returns realized by
 4 utility and non-utility companies of comparable risks, and results inferred from
 5 the risk-premium methodology. These four methods are discussed below.

6

7 The constant growth Discounted Cash Flow (DCF) model was originally
 8 developed by Myron Gordon in 1957, and was advanced actively during the
 9 early 1960s. In its classical form, the derived DCF model defines the cost of
 10 capital as the sum of the adjusted dividend yield, and expectations of future
 11 growth in cash flows to investors including dividends and future appreciation in
 12 share prices. The classical (one-stage) DCF model is as follows:

$$13 \quad k_{e,j} = D_{0,j}(1+E(g_j))/P_{0,j} + E(g_j)$$

14 with,

15 $k_{e,j}$ = cost of equity capital, asset j

16 $D_{0,j}$ = current dividends per common share, asset j

17 $E(g_j)$ = expected growth in future cash flow returns to investors in asset j

18 $P_{0,j}$ = current price per common share, asset j

19

20 The one-stage form of DCF model is an elegant and intuitively tractable model
 21 with two terms, a mathematical result derived from the constant growth present
 22 value model. A cursory review of historical returns of equities suggests
 23 substantial variation in growth in the internal returns to capital and market
 24 appreciation is both the typical and dominant pattern. It is plausible that the
 25 *expected path* of future returns harbored by investors may assume a pattern of

1 non-constant growth. This means that, at least under some market conditions,
 2 the constant growth form of discounted cash flow may not represent investor
 3 expectations of growth with sufficient accuracy. Arguably, other forms of DCF
 4 may serve as better approximations of investor expectations.

5
 6 A plausible means to better model expectations of varying growth might be with
 7 stochastic models, where the path of returns and growth is a function of time,
 8 with a random component. However, stochastic models introduce considerable
 9 complexity. As a first-order approximation to stochastic processes, multiple-
 10 step constant growth models known as multi-stage DCF can serve nicely.
 11 Essentially, multi-stage DCF is a variation of present value theory which
 12 postulates that future returns assume a pattern of several growth steps or stages.
 13 While any number of stages of constant growth is possible, two or three stages
 14 are typically applied. In stylized fashion, the Three-Stage DCF model is shown
 15 below:

$$16 \quad P_{0,j} = (1+g)/(k_{e,j}-g) \{ D_{0,j}(1 - F^5) + D_{5,j}(F^5 - F^{10}) + D_{10,j}(F^{10}) \}$$

17 with,

$$18 \quad k_{e,j} = \text{cost of equity capital, asset } j$$

$$19 \quad D_{t,j} = \text{current and future dividends per common share, asset } j$$

$$20 \quad E(g_j) = \text{expected growth in future cash flow returns to investors in asset } j$$

$$21 \quad P_{0,j} = \text{current price per common share, asset } j$$

$$22 \quad F_j = (1+E(g_j))/(1+k_{e,j})$$

23 Appendix I provides a step-by-step derivation of the classical and multi-stage
 24 discounted cash flow models shown above.

1 The Capital Asset Price Model (CAPM) was developed by William Sharpe
 2 (1961) and John Lintner (1964). CAPM was derived from mean-variation
 3 analysis and, in particular, portfolio selection developed by H. Markowitz
 4 (1952). The derived CAPM shows how the valuation of a financial asset (price)
 5 is based upon two components: risk-free returns and an *adjusted risk-based*
 6 *return*. Surrogates for risk-free returns can be observed directly in capital
 7 markets, and include market returns on short- and intermediate-term debt. As a
 8 general rule, the cost rates and market returns on government debt obligations
 9 serve as appropriate surrogates.

10
 11 The adjusted risk-based return is based upon three factors: 1) the covariation of
 12 the returns to the asset and that of markets for risky assets, 2) the statistical
 13 variance of returns of the market for risky assets, and 3) the *difference* between
 14 expected overall returns on risky assets, and risk free returns. The third
 15 parameter is referred to as the excess return, and is equal to the difference
 16 between the overall returns to risky assets for the market as a whole, and the
 17 risk free return rate. The CAPM is shown below:

$$18 \quad k_{e,j} = r_f + B_{jm} * (r_m - r_f) \quad \text{with, } B_{jm} = \sigma_{jm} / \sigma_m^2$$

19 where,

20 $k_{e,j}$ = cost of capital for risky asset j , stated in percentage terms

21 r_f = risk-free rate of return

22 B_{jm} = ratio of the covariation between risky asset j and the market as a
 23 whole, σ_{jm} , and the variance of market returns, σ_m^2

24 r_m = rate of return on the market as a whole

25 Appendix II derives the Capital Asset Pricing Model, as shown above.

1 The efficient market hypothesis plays an essential role in the determination of
2 the cost of capital. Specifically, the working assumption, which is largely
3 though not completely borne out by empirical analysis, is that capital markets
4 are fairly efficient. This means that the supply and demand for risky financial
5 assets, as reflected in bid and asked prices to buy and sell shares, result in
6 financial assets being traded at price levels where *rates of return above the cost*
7 *of capital cannot be systematically realized*. Above-normal returns—returns
8 above the cost of capital—are realized only randomly. Essentially, the
9 opportunities to systematically realize returns above the underlying cost of
10 capital are exhausted by the competitive market process.

11
12 Estimating the cost of capital, though not trivial, can be fairly straightforward,
13 and both the DCF and CAPM approaches provide a useful framework. The
14 risks to investors in various sectors of the energy services industry cannot ever
15 be known directly; risks—and hence the implied cost of capital—can only be
16 inferred. Specifically, the determination of useful estimates of the cost of
17 common equity capital within either framework requires a discerning
18 application of theory through careful analysis, such as that presented herein. In
19 particular, the determination of the cost of equity capital faces two overarching
20 challenges, as follows:

- 21 • both approaches are forward looking and thus the results are highly
22 dependent upon useful estimates of investor expectations about future
23 market performance.
- 24 • The underlying assumptions for DCF and CAPM include, among other
25 things, an efficient market and rational behavior of investors such that

1 all opportunities for above- and below-normal returns to capital are
2 exhausted on an expected value basis. In short, capital markets value
3 financial assets at the implied opportunity costs of capital, given
4 investor perceptions of risk.

5
6 It is useful to mention that the notion of *risky assets* can apply to any real or
7 financial asset wherein the prospective returns from holding the asset are
8 uncertain. Risky assets include commodity contracts, financial property rights,
9 financial derivatives, and real assets such as transmission facilities. Risk
10 assessment and option theory, moreover, can be applied to the analysis of
11 unbundled services, such as electricity transmission development plans. Within
12 the context of this discussion, however, risky assets refers to financial
13 obligations of firms—common stock—and asset values refers to prices of
14 common stock as observed on major stock exchanges.

15
16 Measurement of historical returns and risk metrics are increasingly used as a
17 basis to assess plausible returns in the future. As discussed, efficient markets
18 suggest that *all* financial assets are priced at levels such that the *expected* future
19 returns of individual assets are equivalent to the underlying opportunity cost.
20 Thus, if historical returns guide expectations of future returns, historical returns
21 provide a useful benchmark and, within reasonable bounds, reflect the
22 opportunity cost of capital. In this respect, the Historical Returns methodology
23 can be viewed as a market-based approach of Comparable Earnings, and thus
24 fully satisfies the *Bluefield* and *Hope* criteria. The key to successfully applying

1 this approach is to identify and measure historical returns in a manner that
2 reasonably reflects expectations of investors about the future outlook.

3
4 Historically realized returns and future expected returns of financial assets are
5 ordered according to risks. This ordering according to risks is a natural and
6 inevitable result of competitive financial markets: because risk is costly, higher
7 costs must be offset by higher returns. While it is not based upon an explicit
8 model, the analysis of the risk premia among classes of risky assets provides a
9 means to infer the underlying opportunity cost of capital. The underlying
10 concept of the risk premium approach is that *differences* in perceptions of risks
11 among financial assets such as equities and debt are revealed in differences
12 between the historical market returns. The historical differences between equity
13 and debt returns—*i.e.*, risk premia—can thus serve as a surrogate for the
14 compensation for risk over future timeframes. Risk premia, when combined
15 with the expected cost of short-term debt, prospectively, provides a useful
16 benchmark to gauge the underlying cost of equity capital.

17
18 Application of the Risk Premium approach contains two potential pitfalls, as
19 follows:

- 20 • the opportunity cost of common equity capital, stated in nominal terms,
21 is sensitive to the demand for and supply of capital;
- 22 • risk premia among debt and equity instruments are also quite sensitive
23 to expected inflation. Thus, Risk Premium analysis must account for
24 expected inflation in the future. That is, the underlying rate of inflation
25 and conditions of the historical period over which risk premia are

1 estimated must match that of the expected conditions of the relevant
2 period over which the common equity recommendation is being
3 applied, and over which retail electricity prices are being set.
4

5 **Q. You discuss the importance of comparability and measures of risk as the**
6 **basis to determine the cost of common equity. Please elaborate.**

7 A. As defined by the “Bluefield” and “Hope” decisions of the U.S. Supreme Court,
8 a public utility (to paraphrase), is entitled to a rate of return on shareholder
9 capital committed for the convenience and necessity of the public equivalent to
10 that realized by companies in other businesses of comparable risk. Thus, the
11 immediate task at hand is comparability: to identify and select companies of
12 comparable business, regulatory, and financial risks to that of Florida Public
13 Utilities Company. Once selected, we estimate the cost of common equity for
14 the sample(s) of comparable companies that, by definition, is the opportunity
15 cost of capital and thus Florida Public Utilities Company. The key distinction
16 regarding comparability is market size, as recent empirical evidence
17 convincingly demonstrates that, predominantly because of information
18 inefficiencies and uncertainty, the cost of capital rises with progressively
19 smaller companies, all other factors held constant.

20
21 The starting point is the market portfolio; that is, we begin with virtually all
22 common shares traded on U.S. equity markets. Specifically, we have drawn
23 heavily—though not exclusively—from a set of data sources and information
24 including the Value Line data banks which cover some 7,000 companies with
25 equity shares listed on capital market exchanges in the U.S. With few

1 exceptions, the shares of interest are traded on the New York Stock Exchange
2 and the exchange operated by the National Association of Securities Dealers
3 referred to as NASDAQ. For these equity listings, Value Line reports a wide
4 range of financial data, business descriptions and classification, historical price
5 experience, and various diagnostic statistics of interest.

6
7 From the market portfolio we proceed to develop two samples. One sample,
8 referred to as the Mid-Sized Electric Utility sample, is limited to retail
9 electricity service providers that have modest yet significant levels of market
10 participation and, with the exception of size-related capital risks, are of
11 comparable risk to that of Florida Public Utilities Company. The second sample
12 is referred to as the Gas Utility sample, and is composed of retail natural gas
13 service providers. Our studies demonstrate that, as a practical matter, the level
14 of capital risks and thus the opportunity cost of capital for the two samples,
15 electric utilities and natural gas utilities, is comparable. It is useful to mention
16 that for purposes of determining the equity rate of return requirements,
17 Christensen Associates Energy Consulting has often drawn a third sample
18 referred to as *comparable risk non-utility companies*, as our methods tend to
19 demonstrate that, particularly within contemporary capital markets with high
20 levels of international capital flows, comparable risk is the predominant
21 selection criterion; line of business appears to have only a modest level of
22 relevance to cost of capital, once the comparable risk criteria are satisfied.
23 Thus, samples can be drawn from a broad range of business fields, generally
24 speaking.

1 The determination of the first sample, the mid-sized electric utilities, involves
2 two steps. The first step is to conduct an initial screen according to the
3 predefined selection criteria. As mentioned, these criteria are as follows:

- 4 • *Liquidity*: companies that are of modest size but yet have sufficient market
5 presence and participation to ensure sufficient market activity and
6 transaction volume;
- 7 • *Business Line*: companies whose primary business line is retail electricity
8 services; and,
- 9 • *Reasonably consistent financial experience*.

10 This first screen produced the 17 electric utility companies shown on Exhibit
11 10, page 1, including Florida Public Utilities Company, from an initial list of
12 over 30 mid-sized entities from across the electric utility industry. As can be
13 seen, the market capitalization of these companies, measured by common shares
14 outstanding and market prices during 2005 range from \$77 million for Florida
15 Public Utilities Company to slightly greater than \$4.6 billion for SCANA
16 (South Carolina Electric and Gas). The non-weighted average size of Sample 1,
17 the electric utilities, is \$1.6 billion, as shown. Also shown on page 1 of Exhibit
18 10 is operating revenues, assets, operating margins, and CAPM Betas. CAPM
19 Betas, which are arguably the most significant measure of capital risk, are
20 shown in the adjusted form for 2005 and for 2001-2004 on average. In
21 particular, note that CAPM Betas have risen, suggesting significantly higher
22 capital associated energy markets including electric service providers.

23

24 Some of these 17 electric companies have substantial involvement in non-
25 electric retail business lines including natural gas. It is virtually impossible

1 these days to assemble a sample of companies that are exclusively in the retail
2 electric business—sometimes referred to as a *pure play*. This should not matter,
3 at least on the surface, if the sample is determined on a basis of comparable
4 risks. Indeed, endeavors to diversify risk over alternative business lines tends to
5 reduce variation in earnings, variation in internal cash flow, and variation in
6 market returns, thus reducing overall investment risk and the cost of capital.

7
8 The second selection step of determining the utility sample applies risk criteria.
9 These criteria include five dimensions, or metrics:

- 10 1. *Equity Participation in Total Capital*;
- 11 2. *Coefficient of Variation in Internal Cash Flow* per share over five
12 and ten years;
- 13 3. *CAPM Beta* which, as discussed above, is the ratio of the
14 covariation of the market returns of a specific stock of a company
15 and the market as a whole, and the statistical variance of the returns
16 of the market; and,
- 17 4. *Variation in Market Returns*, which is measured as the coefficient
18 of variation of monthly market prices—essentially, an index of
19 volatility in market value (market capitalization).

20
21 The mean-variation theory on which Capital Asset Pricing Model is based
22 suggests that risk metrics other than CAPM Beta do not matter, for the
23 determination of portfolios that efficiently trade-off risks and potential future
24 return levels. However, empirical evidence suggests that a) internal financial
25 metrics such as items 1-3 above are also utilized by investors to value equities,

1 and b) CAPM theory (as with other capital market theories) does not necessarily
2 explain historical market returns particularly well. Thus, it appears that to a
3 substantial degree information other than CAPM Beta is also relevant to
4 investors in the valuation of equities.

5
6 Nonetheless, the risk metrics for each of the 17 initial members of the Mid-
7 Sized Electric Utility sample, as arrayed on Exhibit 10, page 2, are determined.
8 Those electric utility companies with risk metrics that generally fall within one
9 standard deviation of that of the average for the sample of electric utilities as
10 first drawn or are reasonably close to the metrics for Florida Public Utilities
11 Company are retained in sample one, the electric utility sample. It is these
12 utility companies that, by this arguably objective approach, satisfy the criteria of
13 comparable risk and thus that of Supreme Court guidelines regarding fair rate of
14 return and contained within the Bluefield Waterworks and Hope decisions. The
15 companies utilized for the determination of the cost of capital are denoted in the
16 far right column of page 2, Exhibit 10.

17
18 Turning to sample 2, the natural gas utilities, the selection process proceeds in
19 similar fashion using equivalent criteria to those employed to determine the
20 electric utility sample (sample 1). That is, a sample is first drawn on a basis of
21 market liquidity and business line. The selected natural gas utilities are shown
22 on Exhibit 10, page 3, where market capitalization, CAPM Betas are presented
23 along with revenues, assets, and operating margins. As observed, the selected
24 natural gas companies range in size, measured by market capitalization, from
25 \$219 million to 2.8 billion in 2005. Page 4 of Exhibit 10 contains equity

1 participation, CAPM Betas, variation in market returns, as well as the statistical
2 variation in cash flows. As observed, these companies, though of comparatively
3 modest scale, are all significantly larger than Florida Public Utilities Company.
4

5 It should be mentioned that, with respect to the selection of both samples, the
6 study will take occasional exception to the stated selection criteria where
7 historical experience contains anomalies of various types, and when good sense
8 suggests the exclusion or inclusion of specific companies. As an example, the
9 10-year coefficient of variation in cash flow for some companies may reside
10 slightly outside one standard deviation of the statistical distribution of the
11 sample. Or, low equity participation may not appear to translate into
12 particularly high variation in market variation or Beta; an example is Southwest
13 Gas. Regarding the CAPM Betas, the values are shown in increments of 0.05,
14 and Betas for several members of the sample are somewhat below one standard
15 deviation and, for others, somewhat above.
16

17 Once determined, the two samples including the Mid-Sized Electric Utilities
18 (Sample 1) and Gas Utilities (Sample 2) are then used as the basis to estimate
19 the cost of equity capital to Florida Public Utilities Company within the
20 immediate proceeding. The estimate of the cost of capital, and thus the
21 recommended return on common equity, is reflected as an interest rate that, by
22 objective criteria of comparable risks, is the opportunity cost of capital incurred
23 by the common shareholders of Florida Public Utilities Company.

1 Market Liquidity is a necessary selection criterion, as stated above. The
2 selection process resulted in generally smaller-sized electric and gas utilities
3 that have sufficient liquidity. However, the selected utility companies of the
4 two samples are substantially larger than Florida Public Utilities Company.
5 Because the cost of equity capital appears to increase progressively with smaller
6 size, other factors constant, the implication is that the cost of equity capital, as
7 estimated for the two samples, may not fully capture the inherent capital risks
8 incurred by investors of Florida Public Utilities Company. This is discussed
9 later within the testimony, and the exhibits present levels of risk premia
10 associated with small sized equities.

11

12 **Q. The outlook for the U.S. economy plays heavily in the formation by**
13 **investors of the future expectations of financial markets. Because future**
14 **economic performance is used to estimate the cost of common equity, it is**
15 **useful to elaborate on the inherent linkage between economic performance**
16 **and the cost of equity.**

17 **A.** As mentioned above, future returns to capital and thus estimation of cost of
18 capital are inherently expectational in nature. The assessment of equity costs
19 involves implicit and explicit estimates of investor expectations about inflation,
20 interest rates, and future market performance. This is particularly important, as
21 near-term interest rates and market experience and conditions do not necessarily
22 reflect long-term expectations of and about capital markets as a whole. The
23 basis of selection of historical timeframes is overall macroeconomic
24 performance. That is, the analyses incorporate observed market returns from

1 timeframes where the overall economic performance, measured in terms of
2 growth in productivity and real output, are equivalent to the outlook today.

3

4 The relationships between factor inputs and the real output of goods and
5 services of the economy are crucial to U.S. citizens, and to capital markets and
6 investors. This is because resource productivity, to a large extent, determines
7 the future level of real output of the economy as a whole. Productivity growth,
8 when coupled with the growth in the aggregate pool of capital and labor
9 resources, translates directly into real output, employment, savings, earnings,
10 and market performance. Furthermore, real output is a significant element
11 within overall economic and social well being.

12

13 The current outlook for macroeconomic growth calls for prospective long-term
14 productivity change to range between 2.00 and 2.60% annually. This is a more-
15 or-less consensus view held by well-known macroeconomists and economic
16 forecasters, although expected productivity has declining recently from the
17 exceptionally high levels beginning in the early to mid-1990s. Three years
18 previous, long-term productivity appeared to be capable of upwards of 2.75%
19 over the extended future. And while this range of productivity is fairly high by
20 overall long-term historical standards, it is consistent with selected periods of
21 the post-War period including the 1950's, 1960's, and 1990's. Specifically,
22 productivity rose at annual rates of 2.4%, 3.0%, and 2.1% during the 1950s,
23 much of the 1960s, and the latter 1990s, respectively. Of particular interest and
24 crucial to the immediate analyses, productivity increased very sharply beginning

1 about 1994, departing substantially from the low productivity growth of the
2 previous two decades.

3
4 Productivity growth slowed significantly during 2000 and 2001, as overall
5 economic activity attenuated amid the stress attributable to a number of factors
6 and events of a transient nature that, in total, ultimately precipitated the modest
7 recession of early 2001. Since then, the economy has resumed a recovery path
8 and productivity growth appears to have accelerated to pre-recession levels.
9 Indeed, overall productivity growth of 2003-2005 observed a return to high
10 rates, which continues to contribute significantly to ongoing earnings
11 performance and significant market returns realized by investors within equity
12 markets internationally.

13
14 In short, the U.S. economy is well positioned to realize and sustain substantial,
15 if not high, rates of growth in productivity and real output, along with full
16 employment and modest inflation over the foreseeable long-term future.

17 Investors generally share this consensus view and, accordingly, the analyses
18 herein draws upon realized overall market rates of return and interest rates as
19 representative surrogates for the period of time that the retail prices for Florida
20 Public Utilities Company are likely to be in place. The average percentage
21 market return over the historical timeframes mentioned above, as gauged by the
22 S&P 500 index, was slightly above 13.0%, reaching back to the 1970s, and
23 higher within recent years except for the years of major market corrections,
24 2000 and 2002.

25

1 Overall economic performance and long-term growth can, however, be
2 attenuated by events of a transitory nature and various long-term processes that
3 can contribute to capital risks such as the costs to maintain environmental
4 quality, or world-wide cultural friction. An immediate example is the decline in
5 credit market liquidity observed in recent weeks. Finally, it is important to
6 mention the impact of government fiscal policy and global demand for capital
7 on interest rates. As mentioned, the cost of capital is a function of the demand
8 and supply of funds, and we expect U.S. and world demand for capital to remain
9 at high levels, thus placing steady pressure on interest rates. As a result, interest
10 rates are likely to remain at current levels, which approach long-term trends,
11 although short-term interest rates in the short run may decline somewhat from
12 current levels.

13

14 **Q. What are the analysis results obtained from the application of the cost of**
15 **common equity methodologies?**

16 A. The task before us is to estimate the cost of capital over the relevant and
17 foreseeable timeframe for which retail electricity rates are to be effective. This
18 means that the analyses should, to the degree possible, recognize future events
19 and market conditions that might be reasonably expected by investors.

20

21 As mentioned, the analyses include Discounted Cash Flow, Capital Asset
22 Pricing Model, Risk Premium methods, and Historical Market Returns, with the
23 first two approaches representing formal models of capital valuation. The
24 Discounted Cash Flow analysis is applied to the sample of natural gas
25 companies only. All analyses are shown as a range of plausible values, as the

1 analysis of the cost of common equity is confronted with the problem of
2 observability that inherently results in unknown levels of model estimation
3 error.

4
5 The assessment of the opportunity cost of capital involves obtaining and
6 processing a considerable amount of data, and using these data within structured
7 analysis procedures that begins with selection, as discussed above. Data are
8 obtained from several sources including Ibbotson Associates, MarketVector,
9 UBS PaineWebber, Value Line Investment Survey, and Zacks Security Market
10 Research.

11
12 The single stage *Discounted Cash Flow Analyses* for the Mid-Sized Electric
13 Utilities (sample 1) and Gas Utilities (sample 2) are presented on pages 1 and 2
14 of Exhibit 7. As shown, the DCF results suggest that the underlying cost of
15 common equity capital for the sample of electric utilities resides within the
16 range of 9.0 – 9.9% with a corresponding weighted average of 9.6%. Similar
17 results for the sample of gas utilities are 9.0 – 10.4%, with a weighted average
18 of 9.5%. A key point is that these analyses are for a sample of companies
19 which, as mentioned, are significantly larger than Florida Public Utilities
20 Company and, absent further adjustment for size premia associated with very
21 small capitalization companies such as the Company, will systematically
22 understate the cost of common equity capital.

23
24 While nettlesome details are always present within capital market analyses, the
25 classical DCF model consists of the two essential components of prospective

1 dividend yield, and expected growth. For the sample of Mid-Sized Electric
2 utilities, the analyses and the resulting estimates of the opportunity cost of
3 capital reveal that the adjusted one year prospective yield lies within the range
4 of 4.5% – 5.4%, while the corresponding estimates of expected growth of future
5 cash flows are within the range of 3.3% – 4.7%. Analysis results are shown on
6 a simple- and weighted-average basis, with the weights based upon the market
7 capitalization of the sample utilities. The multi-stage DCF estimates of the cost
8 of equity capital obtain similar results and are not shown.

9
10 The essential element for both single- and multi-stage DCF analysis is to
11 appropriately assess investor expectations of growth of capitalization value and
12 dividends. The analyses rely upon the historical experience of the sample
13 companies to develop reasonable estimates of growth of internal cash and
14 earnings. My studies generally rely on a combination of historical experience
15 and analyst projections of cash flow and earnings growth, as implicitly
16 contained within the valuation of investors, including larger institutions and
17 individual investors. Timeframe is important and, for the immediate study,
18 analyst views appear to be highly similar to those of historical experience. The
19 study relies on long-term historical experience as the basis for expected growth
20 in the future. The immediately study utilizes historical cash flow and earnings
21 per share growth, which is measured in two ways for single-stage DCF.
22 Specifically, historical growth experience is assessed over successive five-year
23 periods, as well as by logarithmic trend-based analysis over ten years.

1 We should mention that while the immediate study utilizes historical growth
2 experience, other studies by Christensen Associates Energy Consulting,
3 depending on timeframe, have also drawn on and applied analyst expectations
4 of future growth within the DCF formulation of the cost of capital. Historical
5 growth and analyst expectations of growth are positively correlated and, not
6 surprisingly, our studies suggests that, other factors held constant, differences
7 among the dividend yields and other metrics for companies actively traded on
8 equity markets are explained by historical growth analyst expectations of future
9 growth. Generally speaking, analyst expectations are above those of historical
10 experience and, were analyst expectations incorporated within the current
11 analyses, it is likely that the DCF model would obtain higher estimates of the
12 cost of common equity than those obtained via historical growth alone.

13
14 As mentioned above, the DCF analyses, as with CAPM and Risk Premium
15 methods incorporate an adjustment for issuance costs of 6%, which translates
16 into about 33 basis points. However, the cost of capital studies presented herein
17 incorporate no allowance for market pressure or quarterly dividends. Empirical
18 evidence suggests that market pressure is very small to non-existent, at least for
19 larger capitalization companies. Had the analyses incorporated an adjustment
20 for quarterly payment of dividends, the result would be—depending on
21 perspective (frequency of payment or frequency of discounting)—to alter the
22 estimated cost of capital by about 20 – 30 basis points.

23
24 As with Discounted Cash Flow, the *Capital Asset Pricing Model* is applied to
25 both the Mid-Sized Electric Utility and the Gas Utility samples. The CAPM

1 analyses are shown on Exhibit 6, pages 1 (sample 1) and 2 (sample 2). The
2 application of CAPM requires estimates of the risk-free rate, investor
3 expectations of overall market returns, and market Betas which account for and
4 embody systematic risk with reference to equity markets as a whole.
5 Incorporating estimates of market rates of return and short-term interest rates
6 into the CAPM formulation along with the market Betas results in estimates of
7 the cost of common equity for Florida Public Utilities Company.
8
9 Expected market returns for equity markets in the large are captured by the
10 S&P500 Index, measured with the inclusion of dividend payments. The
11 expected value of future returns of course is a key element to the application of
12 the Capital Asset Pricing Model. Plausible measures of expected market returns
13 used in CAPM can be gleaned from timeframes of similar economic
14 performance to that of the period for which the cost of capital is estimated—
15 mid-year 2006 and prior to the run-up in equity markets of the second half of
16 that year. For this timeframe, the CAPM analysis utilizes the experience of U.S.
17 equity markets for the period 1970 forward, which is equal to 13.0% through
18 2005. Realized market returns, for monthly and annual periods as well as for
19 decades, vary greatly as shown within the table referred to as “Market Inputs:
20 Dividend Yields and Overall Returns”. Here, we observe significant differences
21 in return levels experienced by investors across decades. This is also shown
22 within the table entitled “Variation in Yields and Returns” where, as can be seen
23 toward the right, the standard deviation in monthly returns varies greatly—by
24 over 20% during the 1970s and since 1999—the years 2000 and 2002 in
25 particular. This level of variation for equity market returns is not unusual, and

1 demonstrates the order of magnitude of the greater risk assumed by investors in
2 equities in comparison to the inherent risks within debt markets, which are
3 much lower. In short, equity market returns of well above 10% are absolutely
4 necessary in order to compensate investors for the level of risks that they
5 inherently assume. Though drawn from a sufficiently long interval, this level of
6 expected market return is not unusually high; indeed, it is significantly
7 diminished from previous eras including the 1950s, the 1960s, and the 1994 –
8 1999 period in particular. Stated without reinvested dividends, these decade-
9 long eras reveal overall equity market returns of close to 15%. These
10 timeframes represent periods of overall productivity that approximates, but is
11 arguably somewhat above, expectations of mid-year 2006, when the cost of
12 capital was estimated within the immediate docket, or currently. Not surprising,
13 productivity expectations are somewhat diminished from those of the 1950s,
14 1960s and the surge of the 1990s continuing into 2003 – 2004. Nonetheless,
15 should expectations of future market returns be somewhat greater, the CAPM
16 analyses understate the cost of capital to Florida Public Utilities Company;
17 conversely, lower expectations imply that the cost of capital is somewhat
18 overstated.

19
20 Market Betas for the companies of the two samples are drawn from the 2005-
21 ending experience, as we observe a substantial increase in market Betas for the
22 sample vis-à-vis the average Beta over the previous four years. Notably, the
23 variation of CAPM Beta for the electric utilities of sample 1 is significantly
24 higher than that for the gas utility sample, as demonstrated by the differences
25 between the standard deviation of the sample (referred to “S.D.”) for 2005 with

1 respect to the average Beta for 2001 – 2004. Nevertheless, the CAPM Betas for
2 2005 for the two samples are closely comparable, overall; hence, the CAPM
3 analyses produce similar cost of capital estimates. Specifically, CAPM analyses
4 for the Mid-Sized Electric Utility sample suggest a cost of common equity to
5 Florida Public Utilities Company of 9.6% – 13.3% with a weighted average
6 midpoint of 11.3%, while the corresponding analyses for the Gas Utilities
7 sample obtain 9.4% – 13.2% with a midpoint value also of 11.3%, shown with
8 the inclusion of issuance costs.

9
10 As discussed earlier, the *Risk Premium* methodology infers the cost of common
11 equity capital from the premia of realized equity returns with reference to rates
12 of return on debt. The immediate studies rely upon historically observed risk
13 premia for common stocks over that of intermediate term government debt for
14 timeframes that reflect the current outlook for the U.S. economy as regards to
15 advances of productivity and real output. This analysis suggests that the overall
16 market returns prospectively are somewhat less (12.25%) on average across
17 scenarios than the overall market return inputs used with the CAPM analysis.

18
19 Of particular interest, these timeframes experienced modest rates of inflation,
20 which is important to the determination of risk premia over forward timeframes.
21 Specifically, risk premia tend to decline as inflation rises. This is because
22 inflation risk—*i.e.*, uncertainty regarding the future level of expected
23 inflation—rises with higher inflation. Unlike equity returns which are
24 somewhat hedged against inflation (higher nominal revenues, operating income,
25 and net income), high inflation implies losses for debt holders. Hence, capital

1 markets capitalize the uncertainty attending higher inflation in higher market
2 costs of debt. Second, high inflation appears to be commensurate with lower
3 returns to equity holders, a result of less favorable economic conditions.

4 Together, risk premia tend to be significantly reduced during periods of
5 relatively high inflation and less favorable economic and business conditions.

6

7 The manifestation of inflation risk and business conditions within risk premia
8 between equity and debt is shown on Exhibit 8. The 1950s, 1960s, and 1990s
9 reveal risk premia of 10.6 – 11.7%, with correspondingly inflation of 2.4%.

10 This is in sharp contrast to the U.S. experience of the 1970s and 1980s, with risk
11 premia of 3.0% – 4.3% and corresponding inflation of 5.7% over the period.

12 The main point, for purposes of assessing capital costs prospectively, is that risk
13 premia must be developed from historical timeframes where underlying
14 inflation matches that of the current and prospective period for which rate of
15 return is being determined—2008 forward. Thus, the analyses draw risk premia
16 from the 1950s, 1960s and, where corresponding rates of change in overall
17 prices were experienced. And as discussed above, these historical timeframes
18 match the current outlook fairly well from the perspective of productivity and
19 market returns.

20

21 The essential elements of the risk premium analysis includes 1) the risk-free
22 holding period return, 2) the risk premia between equity and debt, and 3) cost
23 rate adjustments for industry and size differences with respect to U.S. equity
24 markets overall. Specifically, the approach adds risk premia to the risk-free
25 holding period return. Consistent with the CAPM analyses, the risk premium

1 analyses use the cost rate for 1-year treasury securities, as expected over the
2 prospective timeframe, as the baseline cost rate. Essentially, the cost rate for 1-
3 year Treasury securities is the basis for the risk-free holding period return.

4
5 Debt cost rates are differentiated by term. Thus, the analyses incorporate an
6 upward adjustment for the historical spread between 1-year and 4-year
7 treasuries, as the historical risk premia are based upon realized market returns
8 between equities and intermediate term government debt. Together, the cost
9 rate 1-year Treasuries, the spread between 1- and 4-year Treasury securities, and
10 the historical debt-equity risk premia provide an estimate of the cost of common
11 equity for equity markets as a whole. As shown in the table entitled "Equity
12 Market Return" of pages 1 and 2 of Exhibit 8, the analysis obtains a cost of
13 equity for equity markets of 11.5 – 13.0%, which confirms the historical
14 analysis utilized in the CAPM analyses discussed above.

15
16 Further adjustments are necessary in order to fairly assess the cost of equity
17 capital for investors in Florida Public Utilities Company, including 1) a
18 differential for lower market risks of utilities generally, referred to as
19 "diversifiable risks" and 2) the small size premia (small firm effect) referred to
20 as "small cap equities." (Adjustments are shown for small and very small-sized
21 companies.) The effects of these adjustments are shown in the section entitled
22 "Cost Rate Adjustments" of Exhibit 10, pages 1 and 2. The CAPM analysis
23 reviewed earlier is the basis to determine how diversifiable risks associated with
24 samples 1 and 2, including the Mid-Sized Electric Utilities and Gas Utilities
25 respectively, are below those of the composite market (CAPM Betas of 0.75).

1 As shown, this adjustment lowers the common equity cost rate by -2.2% and
2 -2.5% respectively, for the electric and gas utility samples.

3
4 The differential for the small size premia recognizes that the cost of equity is
5 higher for small firms, other factors held constant. Empirically, the Small Firm
6 Effect is the difference between realized market returns and the cost of equity
7 capital, as estimated by CAPM over many years. As shown on page 2 of
8 Exhibit 2, the small size premia can be well over four percentage points for very
9 small-sized companies such as Florida Public Utilities Company. The Risk
10 Premium analysis takes a conservative approach and uses the Low
11 Capitalization Risk Premium, with a plausible range 1.5 – 2.8%. Incorporating
12 these two adjustments into the analysis across the two samples suggests that the
13 cost of equity capital lies within the range of 12.0 – 12.2%. Recognition of
14 issuance expenses associated with incremental shares of common equity
15 provides a Risk Premium cost of capital range of 12.3 – 12.5% for the two
16 samples, with corresponding ranges.

17
18 The fourth analysis approach relies upon *Historical Returns* to determine
19 estimates of expectations of future returns harbored by investors. The estimates
20 are drawn from the historical market returns over the late 1996 – 2005
21 timeframe. This timeframe includes years of exceptionally low and
22 exceptionally high rates of return that, overall, are fairly well balanced. The
23 historical realized returns for the Mid-Sized Electric Utilities are presented on
24 pages 1-3 of Exhibit 9, while realized returns for the Gas Utilities are shown on
25 pages 4-6. For each of the two samples—Mid-Sized Electric Utilities and Gas

1 Utilities—historical returns are shown in three ways including “Average
2 Returns Per Annum” (1996-2001 – 1996-2005); “Five-Year Returns” for
3 consecutive 5-year periods (1996-2001 – 2000-2005); and “Cumulative
4 Returns” (1996-2001 – 1996-2005). As shown, the results, which are
5 determined on a simple- and weighted-average basis, suggest that investors can
6 expect to realize future rates of return of between 10.1 – 12.5%. Realized
7 historical returns realized by investors conform to the cost of capital estimates
8 obtained by the formal cost of capital models, Discounted Cash Flow, CAPM,
9 and Risk Premium methods.

10

11 **Q. What conclusions are reached by your analysis and what is your rate of**
12 **return recommendation?**

13 A. The analysis of the opportunity cost of capital incurred by common shareholders
14 of Florida Public Utilities Company is summarized in Exhibit 2. Exhibit 2
15 compiles the results of the four analysis methods including the DCF, CAPM,
16 Risk Premium, and Historical Returns approaches. As mentioned earlier, the
17 DCF, CAPM and Historical Returns are estimated for mid-sized companies that,
18 while not large, have much larger market capitalization than Florida Public
19 Utilities Company. The clear implication is that estimates of the cost of equity
20 capital for Florida Public Utilities Company based on these three methods are
21 conservative. As shown on page 2 of Exhibit 2, small size premia for Florida
22 Public Utilities Company are about 2.00 percentage points or somewhat higher.

23

24 Mid-point values are shown in this summary, though ranges of values are
25 presented within the exhibits presenting the detailed results for each approach.

1 The ranges for the cost of equity estimates are based on statistics drawn from
2 the analyses themselves, and could be presented as either larger (wider) or
3 smaller (narrower) ranges of plausible values. The analyses suggest that, for
4 common shareholders of Florida Public Utilities Company to be adequately
5 compensated on the capital committed to public service, and to fully satisfy the
6 statutory requirements defined by the U.S. Supreme Court, the rate of return on
7 common equity must be set at a level equal to 11.5% or higher.

8

9 **Q. Does this conclude your testimony?**

10 **A.** It does.

APPENDIX I

Present Value of Investment and Derivation of the Constant Growth and Multi-Stage Discounted Cash Flow Model (DCF)

Present Value Theory

As wages are the compensation to labor, interest is the compensation or return to savings and capital. Savings is the share of current income held back to be consumed in later periods. A unit of current consumption has greater value than an equivalent amount of consumption later. Hence, savings must obtain greater consumption later, in order to compensate for its reduced (discounted) value.

The inducement to save is interest; essentially, the accrual of interest on savings offsets the reduction in value of later consumption vis-à-vis current consumption. Without the expectation of interest, savings would be largely exhausted as consumption in the current period. Savings are invested and, over time, give rise to and constitute the accumulation of capital. Savings realize the market rate of interest. Savings and investment – and thus the accumulation of capital – rise as expected interest increases.

Returns to savings, investment, and capital can be viewed as cash flow returns, and can be stated as an annual percentage amount. Cash flows in subsequent periods forego the interest that would have accrued on earlier cash flows. Because of foregone interest, later cash flows are worth less than those of earlier periods by the amount of interest that would have been realized on the earlier flows.

Cash flows over time can be ordered with a discounting procedure commonly known as present value. Present value revalues future cash flows according to the accrual of interest that would have been realized, had they occurred in the present. Specifically, the cash flow within a time step is discounted by a factor equal to the inverse of one plus the market rate of interest, k , compounded by time – $(1/(1+k))^t$. The present value procedure can be shown more formally as:

$$PV = \frac{CF_1}{(1+k)^1} + \frac{CF_2}{(1+k)^2} + \frac{CF_3}{(1+k)^3} + \Lambda + \frac{CF_n}{(1+k)^n} \quad (1)$$

or,

$$\sum_{t=1}^n \frac{CF_t}{(1+k)^t} \quad (2)$$

where,

- PV = present value
- CF_t = cash flow in time t
- k = market cost (rate) of interest

Hence, $1/(1+k)^t$ is the discount factor by which the cash flows at time t are reduced.

Present value analysis equates cash flows at different points in time to the present, and constitutes a fundamental principle of financial and investment analysis. Essentially, present value normalizes the cash flows at the market rate of discount.

Consider a cash flow occurring at time, $t=0$. Since the cash flow occurs in the present and, unlike the subsequent cash flows shown in (3), below, no interest is foregone and thus it is not discounted:

$$NPV = CF_0 + \frac{CF_1}{(1+k)^1} + \frac{CF_2}{(1+k)^2} + \frac{CF_3}{(1+k)^3} + \Lambda + \frac{CF_n}{(1+k)^n} \quad (3)$$

Presume that a savings agent, a household, invests savings. The purchase of an investment or financial asset such as securities or other liquid assets by the agent constitutes a negative cash flow – an outflow of money. It is the expectation of positive cash flows later that induces the purchase. Positive cash flows prospectively, as expected, tend to balance the negative cash outflow associated with the purchase of the asset. All negative and positive cash flows are contained in net present value, as shown in (4) below:

$$NPV = -CF_0 + \sum_{i=1}^n \frac{CF_i}{(1+k)^i} \quad (4)$$

where,

NPV = net present value – *i.e.*, the net of all positive and negative cash flows

If net present value (NPV) is positive, the investment action is “economic” in the sense that the expected positive cash flows, discounted at the market cost of capital, are greater than – or at least equivalent to – the purchase price of the asset, the negative flow.

Competitive capital markets – or the processes of market competition – seek to discover and exhaust all opportunities for positive and negative present values. That is, the *expected* NPV of investment opportunities approximates zero, given the implicit rate of discount harbored by investors. Essentially, the market value of assets is driven to its competitive level prospectively because of arbitrage inherent to competitive markets. Market forces bid prices up in the presence of expected positive returns (NPV), or bid prices down if negative returns are expected. The discounted positive cash flows equate to and balance the purchase cost of the asset, as shown in (5), below:

$$CF_0 = \sum_{i=1}^n \frac{CF_i}{(1+k)^i} \quad (5)$$

In market equilibrium, then:

$$P_0 = \frac{CF_1}{(1+k)^1} + \frac{CF_2}{(1+k)^2} + \frac{CF_3}{(1+k)^3} + \Lambda + \frac{CF_n}{(1+k)^n} \quad (6)$$

$$P_0 = \sum_{i=1}^n \frac{CF_i}{(1+k)^i} \quad (7)$$

where,

P_0 = market price at time $t=0$

The market cost of capital implicitly incorporates investor’s perceptions of risk and expectations about inflation over the life of future cash flows. It is straightforward to solve for the market cost of capital, k , as we are confronted with one equation and one unknown value. For example,

to solve for the internal rate of cost of a debt obligation of a borrowing firm, such as bond, simply determine the internal rate of discount that equates the positive cash flow occurring at time zero, CF_0 , and the negative flows, $-\Sigma CF_t$, which represent the annual interest cost and retirement of the principle. The discounted negative cash flows from the perspective of the borrowing firm can be shown as $-\Sigma CF_t/(1+k)^t$. The analysis problem for lenders is precisely the same except that the signs attending the cash flows are reversed. Hence, the rate of discount is both the opportunity cost of capital to investors, given market arbitrage, and the cost of capital to the borrowing firm.

Constant Growth Discounted Cash Flow

For equity capital, investors' expected earnings reflect expectations of future cash flows associated with shares of stock, and thus determine the stock price currently. Assume that investors expect earnings, E_t , and dividends, D_t , to grow at some constant rate, g , over the future, such that:

$$\begin{aligned} E_t &= (1+g)E_{t-1} & (8) \\ E_1 &= (1+g)E_0 \\ E_2 &= (1+g)E_1 = (1+g)^2 E_0 \\ &-- \\ &-- \\ &-- \\ E_n &= (1+g)^n E_0 \end{aligned}$$

Dividends of course are a function of earnings and therefore represent, along with price appreciation, the discounted cash flows. Dividends can thus be shown similarly to that of earnings, as below:

$$\begin{aligned} D_t &= (1+g)D_{t-1} & (9) \\ \text{i.e., } D_1 &= (1+g)D_0 \\ D_2 &= (1+g)D_1 = (1+g)^2 D_0 \\ &-- \\ &-- \\ &-- \\ D_n &= (1+g)^n D_0 \end{aligned}$$

Further, assume that dividends, D_t , are a fixed share, m , of earnings, E_t , such that:

$$D_t = mE_t \quad \text{and,} \quad D_t / E_t = m \quad (10)$$

From equation (8), then:

$$D_t = m(1+g)E_{t-1} \quad (11)$$

$$\text{and,} \quad D_n = m(1+g)^n E_0$$

Restating equation (7) to represent dividends as a fixed share of earnings which are paid out, provides:

$$\begin{aligned}
 P_o &= \sum_{i=1}^n \frac{mE_i}{(1+k)^i} \\
 &= \frac{mE_1}{(1+k)^1} + \frac{mE_2}{(1+k)^2} + \frac{mE_3}{(1+k)^3} + \Lambda + \frac{mE_n}{(1+k)^n}
 \end{aligned} \tag{12}$$

Observation will disclose that in fact the payout ratio is volatile and tends to offset the volatility in earnings so that dividend growth (realized cash flows) is smoothed.

Equation (12) can be restated to read:

$$\begin{aligned}
 P_o &= \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \frac{D_3}{(1+k)^3} + \Lambda + \frac{D_n}{(1+k)^n} \\
 &= \sum_{i=1}^n \frac{D_i}{(1+k)^i}
 \end{aligned} \tag{13}$$

The relationship between D_{t-1} and D_t is simply $(1+g)$, which is also the relationship between E_{t-1} and E_t defined in (8). And, with an assumed constant payout ratio or share of earnings, the following is obtained:

$$\begin{aligned}
 P_o &= \frac{D_o(1+g)}{(1+k)} + \frac{D_o(1+g)^2}{(1+k)^2} + \frac{D_o(1+g)^3}{(1+k)^3} + \Lambda + \frac{D_o(1+g)^n}{(1+k)^n} \\
 &= \sum_{i=1}^n \frac{D_o(1+g)^i}{(1+k)^i}
 \end{aligned} \tag{14}$$

Now, assume an infinite time horizon:

$$P_o = \frac{D_o(1+g)}{(1+k)} + \frac{D_o(1+g)^2}{(1+k)^2} + \frac{D_o(1+g)^3}{(1+k)^3} + \Lambda + \frac{D_o(1+g)^\infty}{(1+k)^\infty} \tag{15}$$

Equation (15) above is simply a geometric series with a growth and discounting parameter, $(1+g)/(1+k)$, that defines the relative value of any two sequential terms.¹ Therefore, (15) may be expressed as:

$$P_o = \frac{D_o(1+g)}{(1+k)} \left[\frac{1 - [(1+g)/(1+k)]^\infty}{1 - (1+g)/(1+k)} \right] \tag{16}$$

¹ With $(1+g) = d$, and $(1+k) = r$, a series of the form:

$$\sum_{i=1}^n a(d/r)^i = a \sum_{i=1}^n (d/r)^i$$

This may be alternately expressed as:

$$a \frac{d}{r} [(1 - (d/r)^n) / (1 - (d/r))]$$

And since $((1+g)/(1+k))^{\infty}$ is zero,² and $(1-(1+g)/(1+k))$ is equal to $(k-g)/(1+k)$, the following form can be obtained:

$$P_o = D_o(1+g)/(k-g) \quad (17)$$

Multiplying through by $(k-g)$ and $1/P_o$, and rearranging gives:

$$k = D_o(1+g)/P_o + g \quad (18)$$

This is the derived form of the constant growth Discounted Cash Flow model.

In addition, the assumption of an infinite time horizon can be relaxed. Assume that the investor has a finite time horizon, n , with a salvage value equal to P_n and a constant price-earnings ratio. Equation (14) is then restated as:

$$P_o = \sum_{i=1}^n \frac{D_o(1+g)^i}{(1+k)^i} + \frac{P_n}{(1+k)^n} \quad (19)$$

Since $P_o/E_o = P_n/E_n$, $P_n = P_o(1+g)^n$. Thus, (19) can be restated as:

$$P_o = \sum_{i=1}^n \frac{D_o(1+g)^i}{(1+k)^i} + \frac{P_o(1+g)^n}{(1+k)^n} \quad (20)$$

The first term on the right may be restated as described above, and incorporated into (21), shown below:

$$P_o = \frac{D_o(1+g)}{(k-g)} [1 - (1+g)^n / (1+k)^n] + P_o(1+g)^n / (1+k)^n \quad (21)$$

Rearranging and simplifying terms obtains:

$$P_o - P_o(1+g)^n / (1+k)^n = \frac{D_o(1+g)}{(k-g)} [1 - (1+g)^n / (1+k)^n] \quad (22)$$

or,

$$P_o [1 - (1+g)^n / (1+k)^n] = \frac{D_o(1+g)}{(k-g)} [1 - (1+g)^n / (1+k)^n]$$

Now, dividing both sides by $[1 - (1+g)^n / (1+k)^n]$ gives an equivalent result to (17):

$$P_o = D_o(1+g)/(k-g) \quad (23)$$

Rearranging terms provides:

$$k = D_o(1+g)/P_o + g \quad (24)$$

Thus, the constant growth form of Discounted Cash Flow is derived for a finite time horizon.

² If $k > g$

Multi-Stage DCF

The model of constant growth over the future holding period may not be a fully satisfactory representation of investor expectations under some market conditions. The constant growth form can be generalized to a varying growth path or growth with stochastic elements. Such approach increases complexity.

As a practical matter, a useful extension of the constant growth model known as multi-stage DCF can be easily developed. Arguably, multi-stage DCF presents a platform for a more accurate representation of expectations of growth harbored by investors. A derived form of the multi-stage form is developed below:

Multi-stage DCF can be shown as a restatement of Equation 14 with three patterns or rates of growth applicable to specific forward timeframes or stages:

$$P_o = \sum_{i=1}^5 \frac{D_o(1+g_1)^i}{(1+k)^i} + \sum_{i=1}^5 \frac{D_5(1+g_2)^i}{(1+k)^i} (1/(1+k)^5) + \sum_{i=1}^{\infty} \frac{D_{10}(1+g_3)^i}{(1+k)^i} (1/(1+k)^{10}) \quad (25)$$

Each stage can be shown in a simplified form. We begin by separating out the first stage, S_1 – i.e., the first rhs term with growth = g_1 – as follows:

$$S_1 = \sum_{i=1}^5 \frac{D_o(1+g_1)^i}{(1+k)^i} \quad (26)$$

Pulling out the initial rate of dividends, D_o , from the sum,

$$S_1 = D_o \sum_{i=1}^5 \frac{(1+g_1)^i}{(1+k)^i}$$

Presenting the ratio of the growth and discount factors as a single term, $F = \frac{(1+g_1)}{(1+k)}$, and

incorporating F into the sum, $S_1 = D_o \sum_i F^i$.

The sum can then be expanded as follows:

$$S_1 = D_o (F^1 + F^2 + \Lambda + F^5). \quad (27)$$

Defining a new term equal to unity, $\frac{(1-F)}{(1-F)}$, and including the term into the rhs of Equation 27:

$$S_1 = D_o (F^1 + F^2 + \Lambda + F^5) \left(\frac{(1-F)}{(1-F)} \right), \text{ and then expanding,}$$

$$S_1 = D_o \left((F^1 + F^2 + \Lambda + F^5) - (F^2 + F^3 + \Lambda + F^6) \right) / (1-F). \quad (28)$$

Canceling terms of Equation 28 provides, $S_1 = D_o (F^1 - F^6) / (1-F)$, and then collecting common terms gives a simplified result, as follows:

$$S_1 = D_o F^1 (1 - F^5) / (1-F) \quad (29)$$

Expanding F in Equation 29 provides,

$$S_1 = D_0 \left(\frac{(1+g_1)}{(1+k)} \right) \left(1 - \left(\frac{(1+g_1)}{(1+k)} \right)^5 \right) \left(\frac{(1+k) - (1+g_1)}{(1+k)} \right)$$

Finally, canceling terms to simplify Equation 29 provides the result,

$$S_1 = D_0 (1+g_1) \left(1 - \left(\frac{(1+g_1)}{(1+k)} \right)^5 \right) / (k - g_1) \quad (30)$$

The above result for Stage 1 can be stated as follows,

$$S_1 = D_0 \left(\frac{(1+g_1)}{(k-g_1)} \right) \left(1 - \left(\frac{(1+g_1)}{(1+k)} \right)^5 \right) \quad (31)$$

Note that this outcome for Stage 1 is identical to Equation 22, above.

Stage 2 of Equation 25 is:

$$S_2 = \sum_{i=1}^5 \frac{D_5 (1+g_2)^i}{(1+k)^i} (1/(1+k)^5)$$

The derived form of Stages 2 and 3 are obtained through application of the same procedures as above, and need not be reviewed. The derived result for Stage 2 is as follows:

$$S_2 = D_5 \left(\frac{(1+g_2)}{(k-g_2)} \right) \left(1 - \left(\frac{(1+g_2)}{(1+k)} \right)^5 \right) (1/(1+k)^5) \quad (32)$$

Stage 3 of Equation 25 is:

$$S_3 = \sum_{i=1}^{\infty} \frac{D_{10} (1+g_3)^i}{(1+k)^i} (1/(1+k)^{10})$$

Similarly, the derived form of Stage 3 is:

$$S_3 = D_{10} \left(\frac{(1+g_3)}{(k-g_3)} \right) \left(1 - \left(\frac{(1+g_3)}{(1+k)} \right)^{\infty} \right) (1/(1+k)^{10}) \quad (33)$$

Note that in Stage 3, the second term in the second bracket of the rhs vanishes as a result of, by assumption, $k > g$.

APPENDIX II

Derivation of Capital Asset Pricing Model¹

The Capital Asset Pricing Model (CAPM) defines the market rate of return of asset j as a combination of the risk free return, R_f , and the product of a risk factor and the excess return above the risk free return, $\beta_{jm}(R_m - R_f)$. Excess return is determined as the difference between the return of the market as a whole, R_m , and the risk free return. The relevant risk factor is the well known market beta, which is defined as,

$$\beta_{jm} = \sigma_{jm} / \sigma_m^2 \quad (1)$$

Start with an investment amount, I , where the share, α , is invested in asset j , and the share $(1 - \alpha)$ is invested in the market portfolio, m . The rate of return on the portfolio is,

$$R_\alpha = \alpha R_j + (1 - \alpha) R_m \quad (2)$$

The measure of variation I the portfolio returns is defined as,

$$\sigma_\alpha = [\alpha^2 \sigma_j^2 + 2\alpha(1 - \alpha)\sigma_{jm} + (1 - \alpha)^2 \sigma_m^2]^{(1/2)} \quad (3)$$

If the portfolio share coefficient, α , is equal to zero, then the return on the portfolio is equal to R_m . This return point within rate of return – risk space is equivalent to the tangency point of market portfolio with the well-known market line.

Taking the relevant derivatives,

$$dR_\alpha / d\alpha = R_j - R_m \quad (4)$$

$$d\sigma_\alpha / d\alpha = [\alpha \sigma_j^2 + (1 - 2\alpha)\sigma_{jm} + (\alpha - 1)\sigma_m^2] / \sigma_\alpha \quad (5)$$

For $\alpha=0$, the solution to (5) is,

$$d\sigma_\alpha / d\alpha = (\sigma_{jm} - \sigma_m^2) / \sigma_m \quad (6)$$

Defining a key relationship:

$$dR_\alpha / d\sigma_\alpha = (dR_\alpha / d\alpha) / (d\sigma_\alpha / d\alpha) \quad (7)$$

For $\alpha=0$, the above result obtains,

$$dR_j/d\sigma_\alpha = (R_j - R_m)\sigma_m / (\sigma_{jm} - \sigma_m^2) \quad (8)$$

The result in (8) defines change a rate of change with respect to σ_α , which must be equivalent to the slope of the capital market line. Therefore,

$$(R_j - R_m)\sigma_m / (\sigma_{jm} - \sigma_m^2) = (R_m - R_f) / \sigma_m \quad (9)$$

Now solving for R_j obtains the capital asset pricing model, stated in its well-known form,

$$R_j = R_f + [(R_m - R_f) / \sigma_m^2] \sigma_{jm} = R_f + \beta_{jm}(R_m - R_f) \quad (10)$$

where β_{jm} is defined as above.

EXHIBIT DC-RC-1

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OVERALL RATE OF RETURN REQUIREMENTS

FLORIDA PUBLIC UTILITIES COMPANY

WEIGHTED AVERAGE COST OF CAPITAL: REGULATORY CAPITAL STRUCTURE

(2008 13-MONTH AVERAGE)

Capital Component	Amounts Balances	Capitalization Share	Cost Rate	Weighted Cost Rate
Long Term Debt	\$14,733,561	34.25%	7.96%	2.73%
Short-Term Debt	\$1,905,259	4.43%	6.81%	0.30%
Preferred Stock	\$177,593	0.41%	4.75%	0.02%
Common Equity	\$17,095,113	39.74%	11.50%	4.57%
Customer Deposits	\$2,948,763	6.85%	6.32%	0.43%
Deferred Taxes	\$6,078,743	14.13%	0.00%	0.00%
ITC at Zero Cost	\$0	0.00%	0.00%	0.00%
ITC at Overall Cost	\$81,965	0.19%	9.67%	0.02%
Total	\$43,020,997	100.00%		<u>8.07%</u>

WEIGHTED AVERAGE COST OF CAPITAL: CONVENTIONAL CAPITAL STRUCTURE

(2008 13-MONTH AVERAGE)

Capital Component	Amounts Balances	Capitalization Share	Cost Rate	Weighted Cost Rate
Long Term Debt	\$49,777,370	43.45%	7.96%	3.46%
Short-Term Debt	\$6,436,923	5.62%	6.81%	0.38%
Preferred Stock	\$600,000	0.52%	4.75%	0.02%
Common Equity	\$57,755,879	50.41%	11.50%	5.80%
Total	\$114,570,173	100.00%		<u>9.67%</u>

EXHIBIT DC-RC-1
Page 2 of 3
OVERALL RATE OF RETURN REQUIREMENTS

FLORIDA PUBLIC UTILITIES COMPANY

WEIGHTED AVERAGE COST OF CAPITAL: REGULATORY CAPITAL STRUCTURE
(2008 YEAR END BALANCES, EXCLUDING FLO-GAS)

Capital Component	Amounts Balances	Capitalization Share	Cost Rate	Weighted Cost Rate
Long Term Debt	\$13,817,716	32.12%	7.96%	2.56%
Short-Term Debt	\$1,642,905	3.82%	6.81%	0.26%
Preferred Stock	\$168,216	0.39%	4.75%	0.02%
Common Equity	\$18,035,391	41.92%	11.50%	4.82%
Customer Deposits	\$3,079,556	7.16%	6.32%	0.45%
Deferred Taxes	\$6,208,701	14.43%	0.00%	0.00%
ITC at Zero Cost	\$0	0.00%	0.00%	0.00%
ITC at Overall Cost	\$68,513	0.16%	9.79%	0.02%
Total	\$43,020,997	100.00%		8.13%

WEIGHTED AVERAGE COST OF CAPITAL: CONVENTIONAL CAPITAL STRUCTURE
(2008 YEAR END BALANCES, EXCLUDING FLO-GAS)

Capital Component	Amounts Balances	Capitalization Share	Cost Rate	Weighted Cost Rate
Long Term Debt	\$49,285,749	41.05%	7.96%	3.27%
Short-Term Debt	\$5,860,000	4.88%	6.81%	0.33%
Preferred Stock	\$600,000	0.50%	4.75%	0.02%
Common Equity	\$64,329,572	53.57%	11.50%	6.16%
Total	\$120,075,321	100.00%		9.79%

EXHIBIT DC-RC-1

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OVERALL RATE OF RETURN REQUIREMENTS

FLORIDA PUBLIC UTILITIES COMPANY

WEIGHTED AVERAGE COST OF CAPITAL: REGULATORY CAPITAL STRUCTURE

(2008 YEAR END BALANCES, CONSOLIDATED BASIS)

Capital Component	Amounts Balances	Capitalization Share	Cost Rate	Weighted Cost Rate
Long Term Debt	\$13,763,420	31.99%	7.96%	2.55%
Short-Term Debt	\$1,636,449	3.80%	6.81%	0.26%
Preferred Stock	\$167,555	0.39%	4.75%	0.02%
Common Equity	\$18,096,803	42.07%	11.50%	4.84%
Customer Deposits	\$3,079,556	7.16%	6.32%	0.45%
Deferred Taxes	\$6,208,701	14.43%	0.00%	0.00%
ITC at Zero Cost	\$0	0.00%	0.00%	0.00%
ITC at Overall Cost	\$68,513	0.16%	9.79%	0.02%
Total	\$43,020,997	100.00%		8.14%

WEIGHTED AVERAGE COST OF CAPITAL: CONVENTIONAL CAPITAL STRUCTURE

(2008 YEAR END BALANCES, CONSOLIDATED BASIS)

Capital Component	Amounts Balances	Capitalization Share	Cost Rate	Weighted Cost Rate
Long Term Debt	\$49,285,749	40.88%	7.96%	3.26%
Short-Term Debt	\$5,860,000	4.86%	6.81%	0.33%
Preferred Stock	\$600,000	0.50%	4.75%	0.02%
Common Equity	\$64,803,263	53.76%	11.50%	6.18%
Total	\$120,549,012	100.00%		9.79%

EXHIBIT DC-RC-2

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COST OF COMMON EQUITY and EQUITY RATE OF RETURN RECOMMENDATION

FLORIDA PUBLIC UTILITIES COMPANY

METHODOLOGY	COMPARABLE RISK SAMPLE	
	MID-SIZED ELECTRIC UTILITIES	GAS UTILITIES
Discounted Cash Flow		
Single Stage Model*	9.63%	9.46%
Capital Asset Pricing Model		
Classical Single Factor Model	11.27%	11.28%
Risk Premia, Small-Size Adjusted		
CAPM-Based, Size-Premia Adjusted	12.50%	12.30%
Realized Market Returns		
Per Annum, For 5- to 10-Year Periods	11.45%	10.10%
For Larger Sample	12.24%	
Per Annum, For Consecutive 5-Year Periods	10.85%	10.00%
For Larger Sample	10.90%	
Cumulative, For 5- to 10-Year Periods	11.09%	11.86%
For Larger Sample	12.49%	
Common Equity Rate of Return Recommendation:	<u>11.5%</u>	

* Multi-Stage DCF Approach Provides Similar Results

EXHIBIT DC-RC-2

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MARKET CAPITALIZATION SIZE PREMIA

Deciles	Market Capitalization (\$ Millions)		Equity Cost Rate Premia
	Smallest Sized Entity In Decile	Largest Sized Entity In Decile	
1 (Largest)	\$16,848	\$371,187	-0.36%
2	\$7,847	\$16,821	0.65%
3	\$4,098	\$7,777	0.81%
4	\$2,862	\$4,085	1.03%
5	\$1,947	\$2,849	1.45%
5	\$1,379	\$1,947	1.67%
7	\$978	\$1,378	1.62%
8	\$627	\$977	2.28%
9	\$315	\$627	2.70%
10 (Smallest)	\$2,200	\$314	6.27%

Market Capitalization of FPU, 2006: \$76.5

Small Size Premia,
Florida Public Utilities Company: 2.00%

As developed with cost of capital studies by, and shown in reports of, Ibbotson Associates

EXHIBIT DC-RC-3
LONG TERM DEBT COST RATE, 2008
FLORIDA PUBLIC UTILITIES COMPANY

Life	Description, Coupon Rate	Issue Date	Maturity Date	Principal Amount Sold	13-Month Average Principal Amt. Outstanding	Issuing Expenses	Annual Amortization	Interest Expense	Total Annual Cost	Average Unamortized Issuing Expenses and Loss on Reacquired Debt		
30	9.57%	5/1/1988	5/1/2018	\$10,000,000	\$9,440,615	\$180,273	\$7,211	\$903,467	\$910,678	\$34,855		
30	10.03%	5/1/1988	5/1/2018	\$5,500,000	\$5,192,308	\$97,070	\$3,883	\$520,788	\$524,671	\$18,766		
30	9.08%	6/1/1992	6/1/2022	\$8,000,000	\$8,000,000	\$121,967	\$4,066	\$726,400	\$730,466	\$56,935		
30	6.85%	10/1/2001	10/1/2031	\$15,000,000	\$15,000,000	\$1,208,670	\$40,289	\$1,027,500	\$1,067,789	\$936,719		
30	4.90%	11/1/2001	11/1/2031	\$14,000,000	\$14,000,000	\$805,956	\$26,865	\$686,000	\$712,865	\$627,025		
						Loss on Re-acquired Debt		\$548,516	\$18,288	\$0	\$18,288	\$181,316
						Rounding Adjustment						-\$63
				TOTALS:	\$51,632,923	\$2,962,452	\$100,602	\$3,864,155	\$3,964,757		\$1,855,553	
									Net Balance of Long Term Debt:		\$49,777,370	
									Embedded Cost Rate of Outstanding Long-term Debt:		<u>7.9650%</u>	

EXHIBIT DC-RC-4
SHORT TERM DEBT COST RATE, 2008

FLORIDA PUBLIC UTILITIES COMPANY

Item	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS/ AVERAGES	
LOC Available	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000		
Balance, End of Month	12,160,000	11,660,000	10,460,000	9,760,000	10,960,000	13,260,000	260,000	660,000	260,000	660,000	2,160,000	5,560,000	5,860,000	6,436,923	
Average Balance		11,910,000	11,060,000	10,110,000	10,360,000	12,110,000	6,760,000	460,000	460,000	460,000	1,410,000	3,860,000	5,710,000	6,222,500	
Unused LOC	2,840,000	3,340,000	4,540,000	5,240,000	4,040,000	1,740,000	11,740,000	11,340,000	11,740,000	11,340,000	9,840,000	6,440,000	6,140,000	7,290,000	
Interest On															EFFECTIVE S-T DEBT COST RATE
Outstanding Balances		\$ 62,825	\$ 58,342	\$ 53,330	\$ 54,649	\$ 63,880	\$ 35,659	\$ 2,427	\$ 2,427	\$ 2,427	\$ 7,438	\$ 20,362	\$ 30,120	\$ 393,884	<u>6.33%</u>
Fees, Unused LOC		\$ 644	\$ 821	\$ 1,019	\$ 967	\$ 602	\$ 1,092	\$ 2,404	\$ 2,404	\$ 2,404	\$ 2,206	\$ 1,696	\$ 1,310	\$ 17,569	0.28%
Fee for LOC Available							\$ 12,000							\$ 12,000	0.19%
Total Charges		\$ 63,469	\$ 59,162	\$ 54,349	\$ 55,616	\$ 64,482	\$ 48,751	\$ 4,831	\$ 4,831	\$ 4,831	\$ 9,644	\$ 22,057	\$ 31,431	\$ 423,453	<u>6.81%</u>

EXPECTED FED
FUNDS RATES: 5.25%

INTEREST RATE SPREAD,
LIBOR minus FED FUNDS: 0.18%

LOC-BASED RATE
ADDER TO LIBOR: 0.90%

EFFECTIVE INTEREST RATE,
LOC OUTSTANDING BALANCES: 6.33%

EXHIBIT DC-RC-5

PREFERRED STOCK COST RATE, 2008

FLORIDA PUBLIC UTILITIES COMPANY

Description, Coupon Rate	Issue Date	Principal	Dividends	Effective Cost Rate
4.75% Cumulative	12/28/1945	\$600,000	\$28,500	<u>4.75%</u>

EXHIBIT DC-RC-6
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CAPM ESTIMATES OF THE COST OF EQUITY CAPITAL: GAS UTILITIES

Gas Utilities		Adjusted Beta		Unadjusted Beta, as Inferred		MARKET INPUTS: AVERAGE YIELDS AND OVERALL RETURNS					
Company	Ticker	2005	5 Year	2005	5 Year	1950s	1-Year Gov't	10-Year Gov't Debt	1-to 10-Year	S&P500, Total	Chain-Weighted Rates of Inflation
			Average, 2005 Ending		Average, 2005 Ending		Debt Interest Rates		Spread in Debt Rates		
AGL Resources	ATG	0.85	0.73	0.78	0.60		2.62	3.22	0.60		2.60
Atmos Energy	ATO	0.70	0.63	0.55	0.45		4.40	4.67	0.28		2.62
Cascade Natural Gas	CGC	0.75	0.67	0.63	0.51		7.00	7.50	0.50	7.92	6.82
EnergySouth Inc	ENSI	0.55	0.50	0.33	0.25		9.74	10.60	0.85	18.23	4.44
New Jersey Resources	NJR	0.75	0.66	0.63	0.49		5.36	6.66	1.30	18.99	2.14
Northwest Nat. Gas	NWN	0.70	0.62	0.55	0.43		3.32	4.73	1.41	-3.60	1.83
Piedmont Natural Gas	PNY	0.75	0.68	0.63	0.52		5.58	6.28	0.74		
South Jersey Inds.	SJI	0.60	0.52	0.40	0.28	60s, 70s, 90s	5.40	6.23	0.83	13.00	3.57
Southwest Gas	SWX	0.75	0.71	0.63	0.57	Overall					
WGL Holdings Inc.	WGL	0.80	0.69	0.70	0.54						
Average		0.72	0.64	0.58	0.46						
S. D.		0.09	0.08	0.13	0.11						
Weighted Average:		0.75	0.67	0.63	0.50						

VARIATION IN YIELDS AND RETURNS				
	1-Year	10-Year	1-to 10-Year Spread	S&P500 Total Return
1950s	1.07	0.63	0.51	
1960s	1.32	0.91	0.46	
1970s	1.75	0.99	1.02	20.36
1980s	2.70	2.16	1.02	13.07
1990s	1.21	1.00	0.96	14.16
2000s	1.75	0.67	1.23	22.24
60s, 70s, 90s	1.43	0.97	0.81	
Overall	1.96	1.53	0.87	17.46

CAPM ESTIMATES: GAS UTILITIES

	Cost of Equity Capital, Unadjusted	Risk-Free Rate	Market Beta, Adjusted	Expected Market Return	Risk Free Rate
Low	9.11%	4.24%	0.73	10.91%	4.24%
High	12.87%	5.21%	0.77	15.10%	5.21%
Weighted Average	10.95%	4.73%	0.75	13.00%	4.73%

	Cost Rate, Adjusted for Issuance Costs
Low	9.44%
High	13.20%
Weighted Average	11.28%

EXHIBIT DC-RC-7

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DISCOUNTED CASH FLOW ESTIMATES OF COST OF EQUITY: MID-SIZED ELECTRIC UTILITIES

Electric Utility	Ticker	Quarter Dividends Declared Per Share	Effective Annual Dividend Rate	Average Market Price Per Share, May - June '06	Adjusted Dividend Yield	Expected Growth	Single Stage DCF Estimates of Cost of Equity Capital
Hawaiian Elec.	HE	0.31	\$1.26	\$26.15	4.81%	1.50%	6.32%
MGE Energy	MGEE	0.35	\$1.44	\$29.79	4.83%	4.22%	9.05%
Otter Tail Corp.	OTTR	0.29	\$1.18	\$25.74	4.57%	4.14%	8.71%
Cen. Vermont Pub. Serv.	CV	0.23	\$0.97	\$17.55	5.54%	5.74%	11.28%
Energy East Corp.	EAS	0.29	\$1.19	\$22.74	5.21%	4.39%	9.60%
Florida Public Utilities	FPU	0.10	\$0.42	\$12.55	3.37%	2.72%	6.09%
SCANA Corp.	SCG	0.42	\$1.70	\$36.97	4.61%	5.31%	9.91%
G't Plains Energy	GXP	0.42	\$1.73	\$26.42	6.54%	4.04%	10.58%

DCF ESTIMATES, MID-SIZED ELECTRIC UTILITIES

	Adjusted Dividend Yield	Expected Growth	Unadjusted Cost Rate
Average	4.94%	4.01%	8.94%
S. D.	0.90%	1.35%	1.87%
Range			
Low	4.48%	3.33%	8.01%
High	5.39%	4.68%	9.88%
Weighted Average	5.11%	4.19%	9.30%

Cost Rate, Adjusted for Issuance Costs

Weighted Average	9.63%
Range	
Low	8.98%
High	9.92%

EXHIBIT DC-RC-7

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DISCOUNTED CASH FLOW ESTIMATES OF COST OF EQUITY: GAS UTILITIES

Gas Utility	Ticker	Quarter Dividends Declared Per Share	Effective Annual Dividend Rate	Average Market Price Per Share, May - June '06	Adjusted Dividend Yield	Expected Growth	Single Stage DCF Estimates of Cost of Equity Capital
AGL Resources	ATG	0.37	\$1.53	\$37.82	4.05%	6.72%	10.76%
Atmos Energy	ATO	0.32	\$1.28	\$30.41	4.21%	2.06%	6.26%
Cascade Natural Gas	CGC	0.24	\$1.04	\$20.29	5.12%	8.19%	13.31%
EnergySouth Inc	ENSI	0.22	\$0.91	\$30.88	2.95%	5.74%	8.69%
New Jersey Resources	NJR	0.36	\$1.49	\$44.66	3.34%	7.40%	10.74%
Northwest Nat. Gas	NWN	0.35	\$1.39	\$34.76	4.01%	2.11%	6.12%
Piedmont Natural Gas	PNY	0.24	\$0.97	\$23.54	4.12%	4.17%	8.29%
South Jersey Inds.	SJI	0.23	\$0.95	\$26.41	3.61%	7.91%	11.52%
Southwest Gas	SWX	0.21	\$0.91	\$29.55	3.08%	11.03%	14.11%
WGL Holdings Inc.	WGL	0.33	\$1.35	\$27.65	4.88%	2.57%	7.45%

DCF ESTIMATES, GAS UTILITIES

	Adjusted Dividend Yield	Expected Growth	Unadjusted Cost Rate
Average	3.94%	5.79%	9.73%
S. D.	0.71%	3.01%	2.80%
Range			
Low	3.58%	4.28%	8.32%
High	4.29%	7.30%	11.13%
Weighted Average	4.01%	5.19%	9.20%
Cost Rate, Adjusted for Issuance Costs			
Weighted Average			
<u>9.46%</u>			
Range			
Low			
9.02%			
High			
10.42%			

EXHIBIT DC-RC-3
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RISK PREMIUM ANALYSIS: MID-SIZED ELECTRIC UTILITIES

Timeframes	S&P 500 minus Intermediate Term Debt		S&P 500 minus Short Term Debt		GDP Inflation			1-Year Treasury Yields	1-Year to 10-Year Spread					
	Average Per Annum	Geometric	Average Per Annum	Geometric										
1950s	18.2%	16.6%	19.0%	17.4%	2.6%									
1960s	4.2%	3.2%	4.8%	3.6%	2.6%									
1970s	0.4%	-1.3%	1.2%	-0.7%	6.8%									
1980s	8.2%	7.4%	9.3%	8.4%	4.4%									
1990s	12.7%	11.6%	14.1%	13.2%	2.1%									
2000s	-1.7%	0.0%	-0.6%	0.0%	1.8%									
Average, 50s-90s	8.7%	7.5%	9.7%	8.4%	3.7%									
'50s, '60s, '80s, '90s	10.8%	9.8%	11.8%	10.7%	2.5%									
'70s, '80s	4.3%	3.0%	5.2%	3.9%	5.6%									
2000s	-1.7%	0.0%	-0.6%	0.0%	1.8%									
Timeframes	Mid-Cap Size Premia		Small-Cap Size Premia		Micro-Cap Size Premia		1-Year Treasury Yields	1-Year to 10-Year Spread						
	Average	S.D.	Average	S.D.	Average	S.D.								
1950s	1.8%	2.1%	2.3%	2.9%	3.6%	4.3%	2.6%	0.6%						
1960s	3.0%	3.3%	4.5%	6.5%	8.3%	10.7%	4.4%	0.3%						
1970s	3.4%	5.5%	4.6%	9.6%	5.6%	13.8%	7.0%	0.5%						
1980s	2.2%	4.2%	3.6%	8.0%	2.4%	11.3%	9.7%	0.9%						
1990s	-1.0%	4.2%	-1.8%	5.3%	-1.5%	8.1%	5.4%	1.3%						
2000s	3.2%	5.3%	5.9%	6.9%	11.3%	11.2%	3.3%	1.4%						
Average, 50s-90s	1.9%	3.8%	2.7%	6.5%	3.7%	11.0%	6.6%	0.7%						
'50s, '60s, '80s, '90s	1.5%	3.4%	2.2%	5.7%	3.5%	7.7%	4.1%	0.7%						
'70s, '80s	2.8%	4.8%	4.1%	8.9%	4.0%	12.5%	8.4%	0.7%						
2000s	3.2%	5.3%	5.9%	6.9%	11.3%	11.2%	3.3%	1.4%						
S. D. Across Decades	1.6%		2.6%		4.5%		2.6%	0.5%						
EQUITY MARKET RETURN			COST RATE ADJUSTMENTS				COST OF CAPITAL, SMALL-SIZED ELECTRIC UTILITIES							
Cost Rate Components	Market Return Requirements		Diversifiable Risks (CAPM-based)				W/O Issuance Cost Adjustment							
	Lower Bound	Upper Bound					For Small Capitalization Equities							
1-Year Treasuries	2.0%	4.6%	Lower Bound	-2.9%	Upper Bound	-1.6%	Mid-Point	-2.2%	Lower Bound	10.2%	Upper Bound	14.2%	Mid-Point	12.2%
1-Yr - 10-Yr Spread	1.2%	1.6%	Small Cap Equities				For Very Small Capitalization Equities							
Equity - T. Debt Risk Premia	7.5%		Lower Bound	1.5%	Upper Bound	2.8%	Mid-Point	2.2%	Lower Bound	12.2%	Upper Bound	16.0%	Mid-Point	14.1%
Expected Returns, Equity Markets	11.5%	13.0%	Very Small Cap Equities				With Issuance Cost Adjustment							
			Lower Bound	2.3%	Upper Bound	4.8%	Mid-Point	3.5%	For Small Capitalization Equities					
									Lower Bound	10.5%	Upper Bound	14.6%	Mid-Point	12.5%
									For Very Small Capitalization Equities					
									Lower Bound	12.5%	Upper Bound	16.3%	Mid-Point	14.4%

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RISK PREMIUM ANALYSIS: GAS UTILITIES

Timeframes	S&P 500 minus Intermediate Term Debt		S&P 500 minus Short Term Debt		GDP Inflation
	Average Per Annum	Geometric	Average Per Annum	Geometric	
1950s	18.2%	16.6%	19.0%	17.4%	2.6%
1960s	4.2%	3.2%	4.8%	3.8%	2.6%
1970s	0.4%	-1.3%	1.2%	-0.7%	6.8%
1980s	8.2%	7.4%	9.3%	8.4%	4.4%
1990s	12.7%	11.8%	14.1%	13.2%	2.1%
2000s	-1.7%	0.0%	-0.6%	0.0%	1.8%
Average, 50s-90s	8.7%	7.5%	9.7%	8.4%	3.7%
'50s, '60s, '80s, '90s	10.8%	9.8%	11.8%	10.7%	2.5%
'70s, '80s	4.3%	3.0%	5.2%	3.9%	5.6%
2000s	-1.7%	0.0%	-0.6%	0.0%	1.8%

Timeframes	Mid-Cap Size Premia		Small-Cap Size Premia		Micro-Cap Size Premia		1-Year Treasury Yields	1-Year To 10-Year Spread
	Average	S.D.	Average	S.D.	Average	S.D.		
1950s	1.8%	2.1%	2.3%	2.9%	3.6%	4.3%	2.6%	0.6%
1960s	3.0%	3.3%	4.5%	6.5%	8.3%	10.7%	4.4%	0.3%
1970s	3.4%	5.5%	4.6%	9.8%	5.6%	13.8%	7.0%	0.5%
1980s	2.2%	4.2%	3.6%	8.0%	2.4%	11.3%	9.7%	0.9%
1990s	-1.0%	4.2%	-1.6%	5.3%	-1.5%	8.1%	5.4%	1.3%
2000s	3.2%	5.3%	5.9%	6.9%	11.3%	11.2%	3.3%	1.4%
Average, 50s-90s	1.9%	3.8%	2.7%	6.5%	3.7%	11.0%	6.6%	0.7%
'50s, '60s, '80s, '90s	1.5%	3.4%	2.2%	5.7%	3.5%	7.7%	4.1%	0.7%
'70s, '80s	2.8%	4.8%	4.1%	8.9%	4.0%	12.5%	6.4%	0.7%
2000s	3.2%	5.3%	5.9%	6.9%	11.3%	11.2%	3.3%	1.4%
S. D. Across Decades	1.6%		2.6%		4.5%		2.6%	0.5%

Cost Rate Components	Equity Market Return	
	Lower Bound	Upper Bound
1-Year Treasuries	2.0%	4.6%
1-Yr - 10-Yr Spread	1.2%	1.6%
Equity - T. Debt Risk Premia	7.5%	
Expected Returns, Equity Markets	11.5%	13.0%

COST RATE ADJUSTMENTS	
Diversifiable Risks (CAPM-based)	
Lower Bound	-1.5%
Upper Bound	-3.4%
Mid-Point	-2.5%
Small Cap Equities	
Lower Bound	2.8%
Upper Bound	1.5%
Mid-Point	2.2%
Very Small Cap Equities	
Lower Bound	4.6%
Upper Bound	2.3%
Mid-Point	3.5%

**COST OF CAPITAL, SMALL-SIZED
UTILITIES**

W/O Issuance Cost Adjustment	
Small Capitalization Equities	
Lower Bound	9.6%
Upper Bound	14.4%
Mid-Point	12.0%
Very Small Capitalization Equities	
Lower Bound	12.3%
Upper Bound	16.1%
Mid-Point	14.2%
With Issuance Cost Adjustment	
For Small Capitalization Equities	
Lower Bound	9.9%
Upper Bound	14.7%
Mid-Point	12.3%
For Very Small Capitalization Equities	
Lower Bound	12.7%
Upper Bound	16.5%
Mid-Point	14.6%

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AVERAGE RETURNS PER ANNUM: MID-SIZED ELECTRIC UTILITIES

Company	1996 - 2001	1996 - 2002	1996 - 2003	1996 - 2004	1996 - 2005
Black Hills	24.75%	16.89%	15.16%	13.98%	15.38%
Hawaiian Elec.	8.55%	10.85%	10.00%	12.02%	11.46%
PNM Resources	14.65%	10.08%	9.81%	12.44%	14.38%
Cleco Corp.	16.49%	11.77%	8.48%	10.18%	11.57%
Empire Dist. Elec.	8.84%	7.80%	8.50%	8.78%	9.10%
MGE Energy	7.73%	9.46%	10.43%	10.45%	
OGE Energy	9.30%	7.11%	7.24%	10.00%	10.45%
Otter Tail Corp.	15.63%	14.28%	11.87%	10.51%	10.43%
Gen. Vermont Pub. Serv.	13.50%	13.12%	14.07%	13.71%	11.05%
CH Energy Group	14.17%	14.76%	12.06%	11.91%	11.15%
Energy East Corp.	20.41%	18.95%	16.84%	17.50%	16.74%
Florida Public Utilities	16.03%	16.88%	16.68%	17.21%	16.38%
NSTAR	17.10%	15.77%	14.75%	14.79%	15.29%
SCANA Corp.	6.01%	7.00%	8.49%	9.37%	10.01%
UIL Holdings	14.97%	12.72%	9.03%	12.46%	12.35%
UNITIL Corp.	8.79%	9.29%	7.83%	8.56%	7.03%
G't Plains Energy	5.20%	3.71%	7.47%	8.73%	8.16%
Sample Average	13.07%	11.79%	11.10%	11.92%	11.93%
Weighted Average	12.66%	11.40%	11.06%	12.10%	12.03%

Average: 11.91%

Average with Issuance Costs: 12.24%

COST OF EQUITY SAMPLE

Company	1996 - 2001	1996 - 2002	1996 - 2003	1996 - 2004	1996 - 2005
Hawaiian Elec.	8.55%	10.85%	10.00%	12.02%	11.46%
MGE Energy	7.73%	9.46%	10.43%	10.45%	0.00%
Otter Tail Corp.	15.63%	14.28%	11.87%	10.51%	10.43%
Gen. Vermont Pub. Serv.	13.50%	13.12%	14.07%	13.71%	11.05%
Energy East Corp.	20.41%	18.95%	16.84%	17.50%	16.74%
Florida Public Utilities	16.03%	16.88%	16.68%	17.21%	16.38%
SCANA Corp.	6.01%	7.00%	8.49%	9.37%	10.01%
G't Plains Energy	5.20%	3.71%	7.47%	8.73%	8.16%
Sample Average	11.63%	10.72%	10.77%	11.62%	10.41%
Weighted Average	10.79%	10.83%	11.14%	12.00%	11.27%

Average: 11.12%

Average with Issuance Costs: 11.45%

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FIVE YEAR RETURNS: MID-SIZED ELECTRIC UTILITIES

Company	1996 - 2001	1997 - 2002	1998 - 2003	1999 - 2004	2000 - 2005
Black Hills	24.75%	15.69%	11.15%	12.05%	13.99%
Hawaiian Elec.	8.55%	11.23%	8.99%	15.39%	16.55%
PNM Resources	14.65%	11.48%	8.89%	17.73%	21.33%
Cleco Corp.	16.49%	12.41%	5.26%	9.02%	8.20%
Empire Dist. Elec.	8.84%	8.32%	5.46%	3.58%	5.37%
MGE Energy	7.73%	12.59%	12.56%	14.95%	
OGE Energy	9.30%	4.65%	0.91%	8.51%	13.13%
Otter Tail Corp.	15.63%	16.90%	12.73%	10.20%	9.76%
Cen. Vermont Pub. Serv.	13.50%	16.04%	17.55%	19.53%	17.88%
CH Energy Group	14.17%	13.70%	6.79%	9.55%	11.58%
Energy East Corp.	20.41%	19.66%	3.92%	4.27%	9.44%
Florida Public Utilities	16.03%	17.71%	12.62%	11.62%	14.81%
NSTAR	17.10%	14.65%	7.08%	9.09%	11.52%
SCANA Corp.	6.01%	8.21%	6.37%	12.22%	13.30%
UIL Holdings	14.97%	15.32%	1.20%	8.24%	9.52%
UNITIL Corp.	8.79%	10.67%	6.07%	6.58%	2.25%
G't Plains Energy	5.20%	1.78%	6.04%	11.42%	10.72%
Sample Average	13.07%	12.41%	7.86%	10.82%	11.83%
Weighted Average	12.66%	11.54%	6.44%	10.48%	12.15%

Average: 10.65%
Average with Issuance Costs: 10.98%

COST OF EQUITY SAMPLE

Company	1996 - 2001	1997 - 2002	1998 - 2003	1999 - 2004	2000 - 2005
Hawaiian Elec.	8.55%	11.23%	8.99%	15.39%	16.55%
MGE Energy	7.73%	12.59%	12.56%	14.95%	0.00%
Otter Tail Corp.	15.63%	16.90%	12.73%	10.20%	9.76%
Cen. Vermont Pub. Serv.	13.50%	16.04%	17.55%	19.53%	17.88%
Energy East Corp.	20.41%	19.66%	3.92%	4.27%	9.44%
Florida Public Utilities	16.03%	17.71%	12.62%	11.62%	14.81%
SCANA Corp.	6.01%	8.21%	6.37%	12.22%	13.30%
G't Plains Energy	5.20%	1.78%	6.04%	11.42%	10.72%
Sample Average	11.63%	11.72%	8.20%	11.38%	10.87%
Weighted Average	10.79%	11.50%	6.92%	10.62%	11.61%

Average: 10.52%
Average with Issuance Costs: 10.85%

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CUMULATIVE RETURNS: MID-SIZED ELECTRIC UTILITIES

Company	1996 - 2001	1996 - 2002	1996 - 2003	1996 - 2004	1996 - 2005
Black Hills	23.54%	16.72%	14.93%	13.74%	15.10%
Hawaiian Elec.	8.08%	11.43%	10.48%	12.32%	11.72%
PNM Resources	12.75%	13.18%	12.46%	14.61%	16.21%
Cleco Corp.	16.13%	13.74%	9.77%	11.24%	12.45%
Empire Dist. Elec.	8.00%	8.93%	9.46%	9.62%	9.84%
MGE Energy	6.97%	10.94%	11.69%	11.55%	11.91%
OGE Energy	8.22%	9.12%	8.96%	11.31%	11.61%
Otter Tail Corp.	15.17%	15.28%	12.53%	11.02%	10.88%
Cen. Vermont Pub. Serv.	11.56%	12.18%	13.23%	12.98%	10.12%
CH Energy Group	13.11%	16.70%	13.46%	13.13%	12.20%
Energy East Corp.	16.27%	16.23%	14.43%	15.36%	14.84%
Florida Public Utilities	14.91%	18.89%	18.40%	18.71%	17.67%
NSTAR	16.11%	16.11%	15.01%	15.02%	15.49%
SCANA Corp.	5.20%	10.14%	11.15%	11.69%	12.07%
UIL Holdings	13.21%	4.45%	1.74%	5.54%	6.19%
UNITIL Corp.	8.25%	13.77%	11.54%	11.80%	9.77%
G't Plains Energy	4.91%	6.71%	9.76%	10.71%	9.90%
Sample Average	11.90%	12.62%	11.71%	12.37%	12.23%
Weighted Average	11.29%	12.31%	11.76%	12.64%	12.78%

Average: 12.16%
Average with Issuance Costs: 12.49%

COST OF EQUITY SAMPLE

Company	1996 - 2001	1996 - 2002	1996 - 2003	1996 - 2004	1996 - 2005
Hawaiian Elec.	8.55%	11.23%	8.99%	15.39%	16.55%
MGE Energy	7.73%	12.59%	12.56%	14.95%	0.00%
Otter Tail Corp.	15.63%	16.90%	12.73%	10.20%	9.76%
Cen. Vermont Pub. Serv.	13.50%	16.04%	17.55%	19.53%	17.88%
Energy East Corp.	20.41%	19.66%	3.92%	4.27%	9.44%
Florida Public Utilities	16.03%	17.71%	12.62%	11.62%	14.81%
SCANA Corp.	6.01%	8.21%	6.37%	12.22%	13.30%
G't Plains Energy	5.20%	1.78%	6.04%	11.42%	10.72%
Sample Average	11.63%	11.72%	9.89%	11.74%	11.17%
Weighted Average	10.79%	11.50%	6.92%	10.62%	11.61%

Average: 10.76%
Average with Issuance Costs: 11.09%

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AVERAGE RETURNS PER ANNUM: GAS UTILITIES

Company	1996 - 2001	1996 - 2002	1996 - 2003	1996 - 2004	1996 - 2005
AGL Resources	9.32%	9.23%	10.67%	11.66%	13.00%
Atmos Energy	6.24%	5.43%	6.06%	7.11%	8.00%
Cascade Natural Gas	10.95%	10.76%	8.86%	9.48%	8.82%
EnergySouth Inc	12.62%	15.06%	14.77%	17.08%	17.04%
New Jersey Resources	13.43%	13.73%	13.56%	14.43%	
Northwest Nat. Gas	6.64%	8.84%	8.15%	9.23%	10.40%
Piedmont Natural Gas	13.49%	12.60%	12.34%	13.10%	13.48%
South Jersey Inds.	12.47%	12.01%	12.56%	14.34%	16.25%
Southwest Gas	10.53%	10.30%	8.49%	9.07%	9.44%
WGL Holdings Inc.	10.55%	8.82%	7.83%	8.75%	9.55%
Sample Average	10.62%	10.68%	10.33%	11.42%	11.78%
Weighted Average	8.51%	8.26%	8.29%	9.13%	8.66%
				Average:	9.77%
				Average with Issuance Costs:	<u>10.10%</u>

EXHIBIT DC-RC-9
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FIVE YEAR RETURNS: GAS UTILITIES

Company	1996 - 2001	1997 - 2002	1998 - 2003	1999 - 2004	2000 - 2005
AGL Resources	9.32%	8.70%	11.92%	14.66%	20.32%
Atmos Energy	6.24%	4.49%	2.00%	5.25%	12.89%
Cascade Natural Gas	10.95%	10.64%	9.09%	9.86%	10.18%
EnergySouth Inc	12.62%	12.79%	9.55%	17.65%	21.48%
New Jersey Resources	13.43%	13.86%	11.51%	13.47%	
Northwest Nat. Gas	6.64%	7.47%	5.84%	10.23%	15.20%
Piedmont Natural Gas	13.49%	12.45%	8.03%	10.36%	15.31%
South Jersey Inds.	12.47%	12.30%	11.20%	15.83%	20.08%
Southwest Gas	10.53%	9.99%	5.18%	2.48%	9.86%
WGL Holdings Inc.	10.55%	7.39%	4.11%	7.07%	8.77%
Sample Average	10.62%	10.01%	7.84%	10.68%	14.90%
Weighted Average	8.51%	7.74%	6.36%	8.55%	11.47%
				Average:	9.67%
				Average with Issuance Costs:	<u>10.00%</u>

EXHIBIT DC-RC-9

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CUMULATIVE RETURNS: GAS UTILITIES

Company	1996 - 2001	1996 - 2002	1996 - 2003	1996 - 2004	1996 - 2005
AGL Resources	8.68%	11.86%	12.89%	13.59%	14.68%
Atmos Energy	4.70%	8.70%	8.86%	9.54%	10.15%
Cascade Natural Gas	10.64%	12.66%	10.35%	10.78%	9.96%
EnergySouth Inc	11.62%	17.21%	16.60%	18.56%	18.36%
New Jersey Resources	13.30%	18.69%	17.79%	18.13%	18.07%
Northwest Nat. Gas	6.19%	11.14%	10.10%	10.91%	11.86%
Piedmont Natural Gas	12.61%	15.59%	14.89%	15.32%	15.46%
South Jersey Inds.	12.31%	15.26%	15.35%	16.72%	18.28%
Southwest Gas	8.76%	12.21%	9.99%	10.38%	10.61%
WGL Holdings Inc.	10.37%	12.16%	10.64%	11.20%	11.72%
Sample Average	9.92%	13.55%	12.75%	13.51%	13.91%
Weighted Average	7.86%	10.81%	10.46%	11.01%	11.51%
				Average:	11.53%
				Average with Issuance Costs:	<u>11.86%</u>

EXHIBIT DC-RC-10

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SELECTION SCREEN: MID-SIZED ELECTRIC UTILITIES

Company	Ticker	Market Cap (\$M)	2005 Beta	Average Beta 2001-2004	Standard Deviation, Beta 2001-2005	Stock Price	Revenues	Operating Margins	Total Assets	Assets/ Revenue
Black Hills	BKH	1,208.02	1.00	0.74	0.15	36.43	1,121.70	19.77	2,056.16	1.83
Hawaiian Elec.	HE	2,160.47	0.70	0.56	0.06	26.68	1,924.06	21.44	9,610.63	4.99
PNM Resources	PNM	1,865.03	0.90	0.66	0.15	27.11	1,604.79	14.56	3,487.64	2.17
Cleco Corp.	CNL	1,068.19	1.15	0.79	0.23	21.37	745.82	22.07	1,837.06	2.46
Empire Dist. Elec.	EDE	587.79	0.70	0.55	0.09	22.54	325.54	30.06	1,027.54	3.16
MGE Energy	MGEE	719.47	0.65	0.53	0.06	35.18	424.88	20.44	827.37	1.95
OGE Energy	OGE	2,478.54	0.75	0.58	0.10	27.36	4,926.60	10.23	4,870.30	0.99
Otter Tail Corp.	OTTR	805.91	0.55	0.56	0.03	27.41	882.32	13.46	1,134.15	1.29
Central Vermont Pub. Service	CV	225.21	0.50	0.49	0.03	18.31	302.20	14.01	546.76	1.81
CH Energy Group	CHG	731.64	0.80	0.68	0.10	46.42	791.51	13.87	1,287.00	1.63
Energy East Corp.	EAS	3,830.60	0.80	0.69	0.09	25.94	4,756.69	23.69	10,796.11	2.27
Florida Public Utilities Company	FPU	76.52	0.65	0.55	0.04	12.84	110.04	16.03	171.69	1.56
NSTAR	NST	3,034.26	0.70	0.61	0.09	28.41	2,954.33	23.75	7,117.23	2.41
SCANA Corp.	SCG	4,617.60	0.75	0.58	0.10	40.15	3,885.00	22.96	8,996.00	2.32
UIL Holdings	UIL	740.03	0.80	0.64	0.13	30.43	1,101.29	13.44	1,787.61	1.62
UNITIL Corp.	UTL	135.30	0.40	0.40	0.00	24.16	214.14	22.14	457.01	2.13
G't Plains Energy	GXP	2,274.86	0.85	0.68	0.10	30.44	2,464.02	20.38	3,798.90	1.54
Average		1,562.32	0.74	0.60	0.09		1,678.53	18.96	3,518.19	2.13

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SCREEN 2: MID-SIZED ELECTRIC UTILITIES

Company	Ticker	Equity Participation in Total Capital					Measures of Market Risk			Measures of Business and Financial Risk				
		1995	2000	2003	2005	Average	2005 Beta	S.D. of Beta	Variation in Market Returns	Variation in Cashflow per share	CV in Cashflow per Share	Variation in Cashflow per share	CV in Cashflow per Share	
										5 Year	5 Year	10 Year	10 Year	
Black Hills	BKH	52%	47%	44%	52%	49%	1.00	0.15	0.18	0.67	0.28	0.65	0.34	
Hawaiian Elec.	HE	46%	40%	50%	53%	47%	0.70	0.06	0.17	0.16	0.11	0.13	0.09	x
PNM Resources	PNM	49%	49%	52%	42%	48%	0.90	0.15	0.27	0.62	0.40	0.47	0.34	
Cleco Corp.	CNL	47%	40%	34%	52%	43%	1.15	0.23	0.24	0.12	0.08	0.18	0.14	
Empire Dist. Elec.	EDE	46%	42%	48%	49%	46%	0.70	0.09	0.16	0.32	0.30	0.26	0.23	
MGE Energy	MGEE	46%	52%	57%	61%	54%	0.65	0.06	0.11	0.05	0.03	0.28	0.18	x
OGE Energy	OGE	51%	39%	46%	50%	47%	0.75	0.10	0.30	0.25	0.16	0.24	0.14	
Otter Tail Corp.	OTTR	47%	54%	54%	63%	54%	0.55	0.03	0.11	0.12	0.08	0.20	0.14	x
Gen. Vermont Pub. Serv.	CV	52%	50%	58%	62%	55%	0.50	0.03	0.15	0.24	0.19	0.40	0.33	x
CH Energy Group	CHG	50%	56%	62%	58%	57%	0.80	0.10	0.10	0.39	0.14	0.28	0.10	
Energy East Corp.	EAS	50%	42%	39%	44%	44%	0.80	0.09	0.15	0.29	0.17	0.31	0.20	
Florida Public Utilities	FPU	49%	53%	44%	46%	48%	0.65	0.04	0.21	0.07	0.14	0.07	0.14	x
NSTAR	NST	42%	39%	40%	39%	40%	0.70	0.09	0.22	0.07	0.04	0.23	0.16	
SCANA Corp.	SCG	48%	40%	41%	47%	44%	0.75	0.10	0.18	0.23	0.10	0.35	0.16	x
UIL Holdings	UIL	33%	48%	50%	53%	46%	0.80	0.13	0.25	0.59	0.30	0.67	0.32	
UNITIL Corp.	UTL	48%	47%	45%	44%	46%	0.40	0.00	0.08	0.14	0.10	0.22	0.14	
G't Plains Energy	GXP	49%	43%	44%	51%	47%	0.85	0.10	0.19	0.33	0.16	0.35	0.18	x
Average		47%	46%	47%	51%	48%	0.74	0.09	0.18	0.27	0.16	0.31	0.20	

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SELECTION SCREEN: GAS UTILITIES

Company	Ticker	Market Cap (\$M)	2005 Beta	Average	Standard	Stock	Revenues	Operating	Total Assets	Assets/ Revenue	
				Beta 2001-2004	Deviation, Beta 2001-2005						
AGL Resources	ATG	2,762.16	0.85	0.70	0.12	35.55	1,832.00	25.16	5,640.00	3.08	X
Atmos Energy	ATO	2,224.84	0.70	0.61	0.06	27.62	2,920.04	11.91	2,869.88	0.98	X
Cascade Natural Gas	CGC	235.09	0.75	0.65	0.08	20.60	318.08	15.58	422.62	1.33	X
EnergySouth Inc	ENSI	219.32	0.55	0.49	0.04	27.76	115.97	40.64	242.45	2.09	X
Laclede Group	LG	652.97	0.75	0.61	0.10	30.84	1,250.32	8.23	1,265.30	1.01	X
New Jersey Resources	NJR	1,225.40	0.75	0.64	0.07	44.48	2,533.61	6.30	1,855.60	0.73	X
Nicor Inc.	GAS	1,731.33	1.10	0.84	0.19	39.19	2,739.70	12.51	3,975.20	1.45	
Northwest Nat. Gas	NWN	989.98	0.70	0.60	0.06	35.90	707.60	23.66	1,732.19	2.45	X
Piedmont Natural Gas	PNY	1,811.96	0.75	0.66	0.08	23.62	1,529.74	17.07	2,335.88	1.53	X
South Jersey Inds.	SJI	821.84	0.60	0.50	0.06	28.36	819.08	14.12	1,243.33	1.52	X
Southwest Gas	SWX	1,014.91	0.75	0.70	0.07	25.81	1,477.06	21.60	2,938.12	1.99	X
WGL Holdings Inc.	WGL	1,523.96	0.80	0.66	0.08	31.33	2,089.60	13.93	2,504.91	1.20	X
Average		1,267.81	0.75	0.64	0.08		1,527.73	17.56	2,252.12	1.61	

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SCREEN 2: GAS UTILITIES

		Equity Participation in Total Capital					Measures of Market Risk			Measures of Business and Financial Risk				
Company	Ticker	1995	2000	2003	2005	Average	2005 Beta	S.D. of Beta	Variation in Market Returns	Variation in Cashflow per share	CV in Cashflow per Share	Variation in Cashflow per share	CV in Cashflow per Share	
									5 Year	5 Year	10 Year	10 Year		
AGL Resources	ATG	48%	48%	50%	48%	48%	0.85	0.12	0.26	0.41	0.23	0.41	0.27	X
Atmos Energy	ATO	55%	52%	50%	42%	50%	0.70	0.06	0.22	0.26	0.18	0.31	0.22	X
Cascade Natural Gas	CGC	45%	49%	44%	41%	45%	0.75	0.08	0.14	0.24	0.19	0.32	0.31	X
EnergySouth Inc	ENSI	44%	55%	48%	57%	51%	0.55	0.04	0.27	0.23	0.17	0.28	0.24	X
Laclede Group	LG	59%	55%	49%	52%	54%	0.75	0.10	0.20	0.28	0.18	0.25	0.16	
New Jersey Resources	NJR	41%	53%	62%	58%	53%	0.75	0.07	0.21	0.31	0.14	0.43	0.24	X
Nicor Inc.	GAS	59%	67%	60%	63%	62%	1.10	0.19	0.19	0.43	0.16	0.36	0.14	
Northwest Nat. Gas	NWN	50%	51%	50%	53%	51%	0.70	0.06	0.20	0.10	0.06	0.26	0.16	X
Piedmont Natural Gas	PNY	50%	54%	58%	59%	55%	0.75	0.08	0.20	0.13	0.12	0.15	0.15	X
South Jersey Inds.	SJI	48%	38%	49%	55%	47%	0.60	0.06	0.29	0.20	0.16	0.28	0.27	X
Southwest Gas	SWX	35%	36%	34%	36%	35%	0.75	0.07	0.21	0.22	0.18	0.52	0.50	X
WGL Holdings Inc.	WGL	59%	55%	54%	59%	57%	0.80	0.08	0.15	0.43	0.23	0.33	0.19	X
Average		49%	51%	51%	52%	51%	0.75	0.08	0.21		0.17		0.24	

EXHIBIT DC-RC-11

HISTORICAL YEAR-END CAPITAL STRUCTURE

FLORIDA PUBLIC UTILITIES COMPANY

Capital Component	1998		1999		2000		2001		2002	
	Amount (\$000's)	Share (%)								
Common Equity	27,622	46.1%	25,866	41.1%	27,510	39.6%	29,329	29.1%	30,883	30.6%
Preferred Stock	600	1.0%	600	1.0%	600	0.9%	600	0.6%	600	0.6%
Long Term Debt	23,500	39.2%	23,500	37.3%	23,500	33.8%	50,325	50.0%	50,367	49.9%
Short Term Debt	8,200	13.7%	13,000	20.6%	17,900	25.8%	20,430	20.3%	19,183	19.0%
Total Capitalization	59,922	100.0%	62,966	100.0%	69,510	100.0%	100,684	100.0%	101,033	100.0%

Capital Component	2003		2004		2005		2006	
	Amount (\$000's)	Share (%)	Amount (\$000's)	Share (%)	Amount (\$000's)	Share (%)	Amount (\$000's)	Share (%)
Common Equity	41,463	43.7%	43,213	43.1%	45,503	42.8%	47,573	46.5%
Preferred Stock	600	0.6%	600	0.6%	600	0.6%	600	0.6%
Long Term Debt	50,454	53.2%	50,538	50.5%	50,620	47.6%	50,702	49.5%
Short Term Debt	2,278	2.4%	5,825	5.8%	9,558	9.0%	3,466	3.4%
Total Capitalization	94,795	100.0%	100,176	100.0%	106,281	100.0%	102,341	100.0%

EXHIBIT DC-RC-12

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FINANCIAL RESULTS OVER RECENT YEARS**FLORIDA PUBLIC UTILITIES COMPANY**

	2002	2003	2004	2005	2006
Pre-tax Interest Coverage Ratio (x)	2.5	2.3	2.6	3.0	2.9
Earned Returns on Average Book Equity (%)	11.1%	6.9%	8.4%	9.5%	8.9%
Book Value/Share (\$)	\$5.32	\$7.08	\$7.31	\$7.64	\$7.94
Dividends/Share (\$)	\$0.38	\$0.39	\$0.40	\$0.41	\$0.42
Earnings/Share (\$)	\$0.57	\$0.43	\$0.60	\$0.71	\$0.69
Market Value/Share (\$)	\$9.90	\$10.53	\$12.77	\$13.65	\$13.25
Market/Book Ratio (%)	186.1%	148.7%	174.7%	178.7%	166.9%
Price/Earning Ratio (6) / (5)	17.37	24.49	21.28	19.23	19.20

* Excluding the Sale of Water Division

** Common Share information re-stated to reflect three for two stock split on July 25, 2005

EXHIBIT DC-RC-12
Page 2 of 3
CONSOLIDATED ELECTRIC INTEREST COVERAGE

FLORIDA PUBLIC UTILITIES COMPANY

	Historical		Projected	
	2006	2007	2008	
			Current Rates	Proposed Rates
Interest Coverage Ratios	4.52	4.01	2.50	4.06
Interest Charges	\$1,473,580	\$1,567,647	\$1,489,405	\$1,489,405

EXHIBIT DC-RC-12

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FINANCIAL POLICY AND PLANS

FLORIDA PUBLIC UTILITIES COMPANY**Capital Structure Percent of Total**

Long-term Debt	40 - 45%
Short-term Debt	2 - 14%
Preferred Stock	0 - 1%
Common Equity	43 - 56%

Financing Plans for 2008

June 2008 issuance of 1,250,000 of common stock, priced at \$12.00 per share, thus obtaining proceeds of \$15 million.

Associated issuance costs are anticipated to be \$900,000.

The specific timing of the common stock issuance is largely dependent on the capital needs of the Company including environmental costs and the general condition of capital markets.

The cash requirements of the Company are projected to increase significantly due to environmental requirements, land purchase, long-term debt payments, and pension contributions. The Company plans to use a combination of short-term borrowing and the net proceeds of the equity sale of 2008 to finance future growth and satisfy capital requirements.

**DIRECT TESTIMONY
OF
P. MARK CUTSHAW
AND
DON MYERS**

IN

**FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 70304-EI**

**IN RE: PETITION OF
FLORIDA PUBLIC UTILITIES COMPANY
FOR AN ELECTRIC RATE INCREASE**

1
2 **Q. Please state your name, affiliation, business address and summarize your**
3 **professional experience and academic background.**

4 A. Witness Cutshaw: My name is P. Mark Cutshaw. I am the General Manager,
5 Northeast Florida for Florida Public Utilities Company (FPU). My business office
6 address is 911 South 8th Street, Fernandina Beach, Florida 32034. I joined FPUC
7 in May 1991 as Division Manager in the Marianna (Northwest Florida) Division.
8 In January 2006, I moved into my current position of General Manager in our
9 Northeast Florida Division. I graduated from Auburn University in 1982 with a
10 B.S. in Electrical Engineering and began my career with Mississippi Power
11 Company in June 1982. While at Mississippi Power Company I held positions of
12 increasing responsibility that involved budgeting, operations and maintenance
13 activities at different company locations. My work experience at FPUC includes all
14 aspects of budgeting, customer service, operations and maintenance in both the
15 Northeast and Northwest Florida Divisions. In 1993, I participated in the Cost of
16 Service study for the Marianna Division Rate Case Filing and testified during the
17 proceeding. I also participated in the 2003 rate case filing that consolidated the
18 rates for both divisions. I have also been involved with other filings, audits and
19 data requests before the FPSC.

20 Witness Myers: My name is Don Myers. I am General Manager, Northwest
21 Florida for Florida Public Utilities Company (FPU). My business office is 2825

1 Pennsylvania Avenue, Marianna, Florida 32447. I joined FPUC in May 1989 as
2 Engineer in the NW Fla. Division. In Dec. 1990, I was promoted to Operations
3 Manager. In October 2006, I was promoted to General Manager, Northwest
4 Florida. My work experience at FPUC includes designing lines to provide customer
5 service, administrative support for the Line Department, operations and outage
6 management and maintenance in the Northwest Florida Division. I have been
7 involved with other filings, audits, and data requests for the FPSC. I graduated
8 from the University of Vermont in 1974 with a B. S. in Electrical Engineering.
9 From June 1974 to September 1976, I worked for GTE Sylvania and in 1979 joined
10 Gulf Power Company as Engineer and later as Substation Engineer. While at GPC,
11 I was involved in Distribution line design and substation equipment testing,
12 operation, and maintenance.
13

14 **Q. Are you also familiar with the operations and management of the Northeast**
15 **and Northwest Florida divisions?**

16 A. Yes. As General Managers of both divisions, we are familiar with all aspects of
17 the operations and management. Since the consolidation of the rates during the
18 2003 proceeding it has become even more critical to share information and attempt
19 to use similar management techniques as much as practical. However, there are
20 some necessary differences based upon the coastal and inland locations of the
21 service areas that have some impact on the operations.
22

23 **Q. What is the purpose of your testimony in this proceeding?**

24 A. I will cover a number of issues with regard to the FPU application for a general
25 rate increase. First, I will describe the determination of the projected revenue
26 requirement for 2008, the projected revenues for that year and what we expect to be
27 a revenue deficiency if rates remain at their current levels. I will also describe,
28 from an operations perspective, why this increase in rates is necessary at this time.
29 In addition, I am available to answer detailed questions regarding the projected
30 capital and operating cost items as they relate specifically to the division operations.
31 Second, I will describe the derivation of the storm reserve that we are including in

1 the revenue requirement. Third will be a presentation of the interclass revenue
2 allocation proposed for recovery of the 2008 revenue requirement with a description
3 of the cost-of-service study that was conducted to determine these allocations.
4 Fourth, I will describe the changes that will take place regarding the design of rates,
5 i.e. the change in component prices for each class of service and will present the bill
6 impacts that will result from these classes of service.

7
8 **Derivation of the Projected Revenue Requirement**

9
10 **Q. What is the revenue requirement increase requested by FPU in this proceeding
11 and how is this determined.**

12 A. FPU is requesting a \$5,249,895 increase in base and other service rates using a
13 2008 forecasted test year. The total base and other service revenue requirement for
14 the test year 2008 is \$18,979,176 which includes an overall rate of return of 8.07%
15 as shown in Schedule D-1 and described in the written prepared testimony of
16 Doreen Cox and Robert J. Camfield. Base revenues in 2008 using current rates are
17 projected to be \$13,027,278. This represents a 39.90% increase in base revenues
18 and a 40.30% increase in overall revenues. Witnesses Martin, Khojasteh and
19 Mesite describe derivation of these numbers in the Accounting Panel testimony
20 submitted as part of this filing.

21
22 **Q. What are the primary reasons for the projected revenue deficiency?**

23 A. The last increase of FPU base rates became effective in April, 2004 based on
24 the results of Docket No. 030438-EI. During this proceeding the base rates of
25 both divisions were consolidated. Prior to that increase the Northwest Florida
26 division had an increase of base rates on February 10, 1994 in accordance with
27 Order No. PSC-94-0170-FOF-EI and the Northeast Florida Division had an
28 increase of base rates on November 27, 1989 in accordance with Order No.
29 22224. Factors that have led to the projected revenue deficiency are outlined in
30 the testimony of Cheryl Martin, many of which are outside the scope of control of
31 FPU. Also outlined in her testimony are actions that have occurred to reduce the

1 impact of the projected revenue deficiency. During this time there have been
2 factors such as the inflationary effect on all utility plant replacements,
3 replacement of large capital related plant items, storm hardening initiatives,
4 reliability improvement work, increase in the storm reserve requirements and the
5 decrease in usage by customer resulting from higher rates.
6

7 **Q. Briefly describe what large capital related plant items that have been**
8 **or will be replaced?**

9 Since the last rate proceeding, two 20 MVA substation transformers in our
10 Northeast Florida Division failed while in service. One transformer was replaced
11 in 2005 and the second is to be replaced near the end of 2007. Both transformers
12 were installed in 1982 and 1986 and were approximately 73% depreciated. Due
13 to the tremendous load growth in that area, replacement transformers rated at 40
14 MVA were necessary to provide continued redundancy necessary to ensure
15 reliable electric service. The estimated value of these replacements is estimated at
16 nearly 1.5 million. These transformer replacements along with replacement of
17 nearly depreciated plant, system improvements for reliability and expansion due
18 to customer growth has increased total Electric Net Utility Plant from
19 \$34,900,000 for historic year-end 2002 during the last rate proceeding to what is
20 projected to be \$44,800,000 as of December 2008. Also included in this filing is
21 a plan to begin replacing all wood transmission poles with concrete poles on our
22 69 KV transmission system in accordance with the storm hardening requirements
23 for transmission lines. This plan will result in the replacement of all wood
24 structures over a 20 year period with total cost over the period being
25 approximately \$7,092,000. In order to accomplish this work, a cost amortization
26 and work schedule has been included in this filing.
27

28 **Q. Could you briefly describe what storm hardening initiatives are**
29 **involved and the impact on your operations?**

30 On September 20, 2006, FPU filed a petition for the approval of cost recovery
31 surcharge to recover cost associated with mandatory storm preparedness

1 initiatives and was docketed under Docket No. 060638-EI. This docket remains
2 unresolved at this date. On July 3, 2007, FPU filed its storm hardening plans as
3 required by PSC rules in Docket 070300-EI and that petition and plan have been
4 consolidated with this proceeding. In the initial docket, FPU identified
5 approximately \$700,000 in costs associated with implementation of these
6 initiatives. With the plan filed in response to the Commission rules we have
7 identified similar costs and those have been incorporated in the request for rate
8 relief. The majority of the additional costs for the storm hardening plans as we go
9 forward involve the additional costs associated with Commission requirements for
10 increased vegetation management, wood pole inspections, joint use attachment
11 inspections, transmission line inspections and the depreciation associated with the
12 GIS that has been installed in the Northeast Florida Division.

13
14 **Q. Could you briefly describe what work is being conducted to improve**
15 **the overall reliability in your operations?**

16 FPU has continued to focus on reliability issues that resulted from vegetation,
17 lighting, animal contacts and other operation problems. Efforts are also underway
18 to begin complying with the storm initiatives, pole inspections and use of the
19 NESC extreme wind loading requirements. However, FPU has encountered
20 increased plant replacement costs and expense related costs that have resulted in a
21 negative impact to the rate of return for recent years. FPU will also continue to
22 improve system design, mapping, facilities management applications and SCADA
23 systems to assist in improving and measuring system reliability.

24
25 **Q. Could you briefly describe the quality of service that you provide customers**
26 **in your service areas?**

27 A. For many years, both divisions have provided reliable and low cost service to
28 the customers within our service territory and have very few customer
29 complaints. FPU has consistently provided some of the lowest electrical rates in
30 Florida. Although exact measurement of service reliability using the current
31 reliability factors has only been used in the last few years, results compare very

1 well to other utilities. All this has been achieved with very few FPSC customer
2 complaints.

3
4 **Q. Do you have any way in which you measure the quality of service that you**
5 **offer?**

6 A. We measure our service based on cost, reliability and customer service. As
7 mentioned above, we consistently rank very favorably to other utilities in all
8 areas. This rate proceeding will have a direct effect on both cost and reliability
9 factors. Although cost will increase, FPU will still provide fair electric rates to
10 customers while allowing for continued focus on increasing reliability above
11 current levels. We will also increase our ability to measure these factors more
12 accurately to ensure the reliability data provided is accurate and documented.
13 Indirectly customer service will be improved based on improvement in reliability.

14
15 **Q. What methods have been used to inform customers of increases in their**
16 **electric costs?**

17 A. Prior to 2005, rates paid by FPU customers were well below the average rates
18 of other utilities while reliability was good. Based on these factors the necessity
19 of a high level of communications was not necessary. However, the favorable
20 purchased power contracts were nearing the expiration date and the expectation
21 was that significant increases would occur. This required an increased level of
22 communications with customers beginning during 2005 in order to inform them
23 of the increases in cost that should be anticipated. Communications included
24 information in the form of print media, direct letters and bill stuffers. These
25 communications continued into 2006 and 2007 with emphasis on the impact of
26 the fuel increases. The communications will continue into 2007 and 2008 with
27 additional information concerning the annual fuel increases and the base rate
28 increases that are being considered. Customer communications will continue into
29 the future to ensure all customers are informed on electrical costs so that the
30 necessary conservation measures can be implemented to avoid higher prices.

31

1 **Q. How were projections made for the 2008 test year?**

2 A. Usage, expenses, billing determinants, and revenues were forecasted for 2007
3 and 2008 using projection factors based on a weather-normalized trend analysis
4 performed by CA Energy Consulting, LLC which is a wholly owned subsidiary of
5 Laurits R. Christensen Associates, Inc. (Christensen Associates) the Company's
6 rate consultant. A discussion of the process used and the resulting projection
7 factors is provided in Schedules F9 – F11. In order to arrive at the company-level
8 growth factors, they developed class-level forecasts of usage per customer and
9 total customers, and then aggregated them up to operating division and total
10 company levels. Sixteen separate analyses were performed to derive these
11 factors. There were separate analyses performed for usage per customer and the
12 number of customers by division by rate class, excluding GSLD-1 and lighting
13 classes. (Therefore, two divisions and four customer classes were modeled,
14 which is $2 \times 2 \times 4 = 16$ separate analyses.) CA Energy Consulting used these
15 values to calculate total usage for each customer class, which is simply the
16 product of usage per customer and the total number of customers. Lighting sales
17 and revenues were projected to increase at the rate of customer growth, and
18 GSLD-1 billing determinants were assumed to remain at 2006 levels. The total
19 usage values are then added across customer classes and then pooled across
20 operating divisions.

21

22 **Q. Were the recent increases in fuel costs for FPU customers considered in the**
23 **usage projections?**

24 A. Yes. Customers in the Northeast Florida Division experienced a 35% - 50%
25 increase in their total bill at the beginning of 2007 due to a new purchased power
26 contract with additional increases expected at the beginning of 2008. At the
27 beginning of 2008 the customers in the Northwest Florida will experience similar
28 increases compared to 2006 and other historic levels. Based on the well below
29 average prices seen by FPU customers for many years, these increases will force
30 customers to focus on conservation of electricity as they have never done before.

1 Based on this, a decrease in overall usage has been anticipated in the usage
2 amounts.

3
4 **Q What method did you use to adjust projected the billing determinants for the**
5 **effect of increasing electricity prices?**

6 A. First, the annual percentage bill increase was estimated for 2007 and 2008 for
7 each customer class and division. The quantities used in these calculations were
8 equal to the average kWh (and kW, if applicable) of the customer class. The rates
9 used in creating the estimated bill changes were based on our preliminary
10 estimates of fuel and base price increases for 2007 and 2008. For the Northwest
11 Division, 2008 bill impacts (relative to 2006 bills) ranged from 34.5 percent to
12 50.0 percent. For the Northeast Division, 2007 bill impacts (relative to 2006)
13 ranged from 15.1 percent to 22.0 percent; and 2008 bill impacts (relative to 2006)
14 ranged from 44.7 percent to 61.9 percent.

15 Second, we assumed a price elasticity value of -0.20 for each customer
16 class. This value is based on a survey of customer price response studies
17 conducted by Dr. Steven Braithwait for EPRI.¹ Table 2-1 of this study is attached
18 as Exhibit 1. We selected -0.20 as a price elasticity based on the results that
19 appear in the short-run, medium column. Note that this selection is somewhat
20 conservative, as we have failed to include the fact that commercial customers are
21 estimated to have a slightly higher (in absolute value) short-run elasticity (-0.30)
22 and we have not considered long-run price response effects (which result in
23 significantly higher elasticity estimates that can exceed -1.0). The third and final
24 step in deriving the load reduction projections is to multiply the assumed price
25 elasticity value of -0.20 by the estimated bill increase for each rate class and
26 division combination. This method results in load reduction estimates that range
27 from 3 percent to 12.4 percent, depending upon the rate class and year in
28 question.

¹ "Customer Response to Electricity Prices: Information to Support Wholesale Price Forecasting and Market Analysis," EPRI, Palo Alto, CA: 2001.

1 **Q Were the same projected billing determinants for 2008 used throughout your**
2 **revenue and rate determinations?**

3 A. Yes. The billing determinants for 2008 as shown in Schedules E-18a, b, and c
4 were used for all such determinations under present and proposed rates as well as
5 the proposed rate design. These same billing determinants are the bases used for
6 the cost of service study used to arrive at our proposed interclass revenue
7 allocation.
8

9 **Q. How were the projected billing determinants used in deriving projected**
10 **revenues for the 2008 test year?**

11 A. First, revenue verification was performed for the 2006 historical year using
12 actual billing determinants and existing rates to demonstrate that base rate
13 revenue matched our accounting records. Then projected billing determinants
14 were applied to the existing tariffs to derive a base rate revenue projection for the
15 2008 test year. We added projected revenues from service charges, pole rentals
16 and other miscellaneous sources of revenue to derive an estimate of the total
17 operating revenues for the 2008 test year.
18

19 **Q. Do the revenues you have computed from the sale of electricity include any**
20 **revenues for the recovery of purchase power (fuel) and energy conservation**
21 **expenses (ECCR)?**

22 A. No. The revenues from those two sources are not considered base rate
23 revenue and are excluded from revenue computations in accordance with the
24 Commission's minimum filing requirements. The conservation revenues are
25 determined on a consolidated basis for both the Northeast and Northwest
26 Divisions. However, due to the differences in wholesale power providers in the
27 two divisions, the purchased power adjustments have not yet been consolidated.
28

29 **Q. How are the test year 2008 operating revenues used in this filing?**

30 A. The projected revenues are a key input used by Ms. Martin in determining the
31 total revenue increase needed for 2008. The projected revenues, by service class,

1 are also a key input in the cost of service study used to determine the proposed
2 interclass revenue allocation – the proposed increase in revenues by class of
3 service.
4

5 **Q. Do the projected billing determinants accurately reflect the realistic revenues
6 and costs?**

7 A. Yes. The projected billing determinants are reflective of the anticipated usage
8 levels given the significant cost increases that will be included in customer bills.
9 Customers will implement conservation measures in order to reduce overall cost
10 resulting from the continued increase in fuel cost along with the base rate
11 increases.
12

13 **Derivation of the Required Storm Reserve**
14

15 **Q. Mr. Cutshaw, you are requesting an increase in the annual property damage
16 accrual from the present level of \$121,620 to \$203,880. What is the basis of
17 the \$121,620 annual accrual?**

18 A. The present level of \$121,620 was established in the last rate case and has not
19 been increased for many years. The Fernandina Beach annual accrual of \$21,620
20 was authorized in Docket No. 881056-EI (1989) and the Marianna annual accrual
21 of \$100,000 was authorized in Docket No. 930400-EI (1994). An increase of
22 these amounts was not approved in our 2003 rate proceeding Docket 074304-EI.
23

24 **Q. Why is it necessary to increase the annual accrual at this time?**

25 A. The need for additional reserves is apparent when we look at the substantial
26 growth in transmission and distribution facilities since the last FPU rate cases.
27 The State of Florida has been impacted by several storm events that resulted in
28 significant damage to utility infrastructure in the state. The devastation caused
29 the entire state to look seriously at methods of minimizing the impact of these
30 storms in order to reduce overall statewide economic impact. Storm hardening
31 initiatives, increased pole inspections and an emphasis on placing electric

1 infrastructure underground were implemented in order to address this situation.
2 However, it will be several years before the implementation of these measures
3 will have a significant impact on reducing the overall damage. Considering the
4 small service territory and locations, the impact on the two divisions could be
5 extensive.

6

7 **Q. When will the improvements from the storm hardening initiatives, increased**
8 **pole inspections and emphasis on underground decrease storm reserves?**

9 A. The storm hardening initiatives, increased pole inspections and emphasis on
10 undergrounding will provide future improvements related to the ability to
11 withstand hurricanes. The initiatives will take from three to eight years to
12 complete and the transmission system hardening as proposed with cover twenty
13 years. Due to the length of time necessary to implement all the improvements and
14 the uncertainty of when a hurricane may impact one of the service territories, the
15 storm reserve should be increased.

16

17 **Q. What was the impact of hurricanes on FPUC during the 2004 and 2005**
18 **storm seasons?**

19 A. During the 2004 and 2005 hurricane seasons, FPU was impacted by seven (7)
20 different hurricanes. Of these hurricanes only three (3) had significant impact on
21 the operations. During September 2004 Hurricane Frances (Northeast and
22 Northwest Florida Divisions) and Hurricane Ivan (Northwest Florida Division)
23 caused considerable damage and outages. The total impact during 2004 to the
24 storm reserve was \$805,700 that was necessary to address the damage resulting
25 from these two hurricanes. During 2005, only Hurricane Dennis (Northwest
26 Florida Division) had a major impact on the operations. However, this had no
27 impact to the storm reserve.

28

29 **Q. How is the Northeast Florida Division (Amelia Island) system affected by**
30 **storms?**

1 A. Our Northeast Florida Division (Amelia Island) is located on the east coast of
2 Florida at the Florida/Georgia border. Amelia Island consists of approximately
3 thirty five (35) square miles and has an extremely low elevation. Significant storm
4 damage has not occurred on Amelia Island since the 1960's. However, based on
5 the coastal location, should a major hurricane impact the area with winds and an
6 associated storm surge, damage to the area would be extensive and would be
7 comparable damage experienced by other similar areas within the state during the
8 2004 and 2005 storm seasons.

9
10 **Q. How is the Northwest Florida Division (Jackson, Calhoun and Liberty**
11 **Counties) system affected by storms?**

12 A. Our Northwest Florida Division consists of service territories in three
13 counties, all of which are located 40 – 60 miles inland but still within range of
14 wind and tornadoes associated with major hurricanes. Experience during 2004
15 from Hurricanes Frances and Ivan indicated that the hurricane force winds and the
16 associated tornadoes are possible in this division. Damage from these forces
17 resulted in significant damage and extended customer outages.

18
19 **Q. How was the determination made regarding the appropriate level of the**
20 **storm reserve?**

21 A. The current investment in transmission and distribution plant is \$66,776,000.
22 Using current accruals, the storm reserve will be funded at \$1,707,737 by
23 December 2007. Based upon an estimate that a major storm could realistically
24 result in damage totaling 5% of the transmission and distribution plant
25 investment, a total of \$3,338,800 is required.

26
27 **Q. What does the \$3,338,800 represent?**

28 A. This would represent the cost of the worst-case storm striking in our service
29 area that would be charged against the reserve. This should be the amount

1 necessary in the reserve to minimize the impact on rates.

2

3 **Q. What effect will this reserve amount have on the annual property damage**
4 **accrual?**

5 A. Presently we are authorized to increase the consolidated electric damage
6 reserve to \$2,900,000 (see Docket No. 001146-EI Marianna and Docket No.
7 001147-EI Fernandina Beach). Our reserve balance is projected to be \$1,707,737
8 as of December 2007. To arrive at a projected reserve balance of \$3,338,800 over
9 the next 8 years would require an annual accrual of \$203,880. This would
10 increase the monthly accrual from \$10,135 to \$16,990.

11

12 **Q. Are there any other accruals made to the storm reserve on an annual basis?**

13 A. Yes. We have the approved annual accrual of 121,620. In previous years any
14 over earnings from the electric operations or unused economic development
15 contributions were accrued to the storm reserve. Since the last rate the only
16 accruals made to the storm reserve were related to the unused economic
17 development contributions. The accruals during 2004 and 2006 were \$21,509 and
18 \$16,759 respectively.

19

20 **Q. Mr. Cutshaw, what property insurance does the consolidated electric division**
21 **presently carry?**

22 A. We have property insurance on all buildings, yards and contents, vehicles and
23 substations. The annual premiums run approximately \$36,000 with a \$100,000
24 deductible per incident. As of December 31, 2006 we had approximately \$66.8
25 million in installed cost of transmission and distribution facilities that were
26 uninsured.

27

1 **Q. Have you received insurance quotes on your uninsured transmission and**
 2 **distribution facilities?**

3 A. No we have not. Based upon previous quotations from insurance providers,
 4 this option has not proven to be feasible and would more prohibitive based on the
 5 recent storm history in Florida. During our 2003 rate proceeding, information
 6 was provided that indicated coverage with a \$10 million limit with \$1.5 million
 7 deductible would have an annual cost of \$1,200,000.

8
 9 **Q. Is it your opinion that with these premium quotes, a self-insurance approach**
 10 **is the route to follow?**

11 A. Yes. At this time it would obviously be cost beneficial to self-insure the
 12 distribution and transmission systems. We would also need some assurance from
 13 the Commission that any prudent storm damage expense incurred could be
 14 recovered through some type of appropriate regulatory action should we be struck
 15 by a severe hurricane. The purpose of this regulatory action would be to recover
 16 expenses incurred over and above the balance in reserve, replenish the reserve and
 17 also enable the company to obtain bank financing to make the necessary repairs.

18
 19 **Interclass Revenue Allocation**

20
 21 **Q. What increase in rates are you requesting for each of the classes of customers**
 22 **served by FPU?**

23 A. The total base rate revenue recovered from each of the customer classes (on a
 24 consolidated basis) will increase by the following percentages:

	<u>Base Rate</u> <u>Increase %</u>
25	
26	
27	Residential 42.0%
28	General Service 50.0%
29	General Service Demand 40.0%

1	General Service Large Demand	50.0%
2	General Service Large Demand 1	0.00%
3	Outdoor Lighting	20.0%
4	Street Lighting	43.0%

5

6 **Q. How did FPU determine the increases in revenues by class?**

7 A. Our fundamental ratemaking objective is to apportion revenue recovery
8 responsibility and design rates to reflect, to the maximum extent practicable, the
9 cost of serving each customer and customer class. In order to determine the cost
10 responsibility we used the results of a fully-allocated embedded cost of service
11 study conducted on the consolidated divisions served by FPU as provided in
12 Schedule E1. A comparison of the rates of return by class for present rates is
13 provided in Schedule E3 along with the percentage increase in base rates required
14 for each class to recover the target rate of return. It is a Commission policy that
15 the percentage rate increase for each class must be no more than 1.5 times the
16 system average increase and that no rate receive a decrease in rates. Based on the
17 results of the Cost of Service study, the RS, GS, GSD, GSLD, GSLD1, Outdoor
18 Lighting and Street Lighting rates were determined to match parity percentages,
19 as much as practical, that were determined during the last rate proceeding with an
20 attempt to recover the target return without exceeding this constraint.

21

22 **Q. Please describe the fully-allocated cost of service study that was used to**
23 **determine this interclass revenue allocation.**

24 A. The method used to allocate our costs closely follows the long-held
25 ratemaking principles and practices of cost apportionment as specified in the
26 "Electric Utility Cost Allocation Manual" developed by the National Association
27 of Regulatory Utility Commissioners (NARUC) in January 1992. Once the
28 relevant data on rate base and net operating income are compiled, as the Company
29 has done in Schedules A-D, these costs are apportioned to customer classes
30 through a three step process called functionalization, classification, and allocation.
31 I will describe each of these steps.

1 Functionalization: The costs are identified by the function they perform or,
2 another way of looking at it, the service provided. FPU provides three services:
3 transmission, distribution, and customer services. Since FPU purchases all of its
4 power from a third party and delivers it to the customer, there is no production
5 service provided by the Company.

6 Classification: The costs identified for each function are classified based on the
7 manner in which costs vary, i.e. costs will change by changes in this component
8 of utility service provided. The three (standard) cost classifications used by FPU
9 are demand related (costs vary by kW load); energy related (costs vary by kWh
10 used); and, customer related (costs that are directly related to the number of
11 customers using the service). Transmission services are treated predominantly as
12 a demand-related cost. Distribution services are separated into demand, energy
13 and customer related. And, customer services are either demand related or
14 customer related.

15 Allocation: Once the costs are functionalized and classified, they must be
16 allocated to the different customer classes. This is done using allocation factors
17 for each of the cost classification categories. The allocation factors used in the
18 FPU study are listed and described in Schedule E-13. As a summary,
19 transmission costs are allocated according to the coincident peak plus 1/13th
20 demand factor (a weighted combination of contribution to the system peak and the
21 average hourly demand of the class). Distribution demand costs are allocated
22 according to each class' non-coincident peak demands. Customer costs are
23 allocated by the number of customers and by a weighting of the specific
24 customer-related cost, e.g. meter expense.

25

26 **Q. Please describe the load data used derive the class coincident and non-**
27 **coincident demands used in the cost of service study.**

28 A. Florida Public Utilities Company is too small to have its own load research
29 program; therefore, we rely on the load research data collected by Gulf Power
30 Company (Gulf Power). Gulf Power Company provided data for 2003 and 2006

1 which were translated to billing determinants and load-based cost of service
2 allocators for the 2008 test year.

3
4 **Q. Please describe any special studies performed and how they relate to the**
5 **allocation methods you described above.**

6 A. In order to allocate certain cost, a study was performed on distribution plant as
7 it related to poles, conductors/conduit/devices, meters, outdoor lights and street
8 lights. The poles and conductors/conduit/devices were evaluated to determine the
9 appropriate contribution to either the primary or secondary distribution systems.
10 Meters were evaluated to determine the appropriate contribution to each rate
11 class. Customer Lights and Street Lights were evaluated to determine the
12 appropriate contribution to the each class. These factors were then used as a basis
13 for allocating cost.

14
15 **Q. Please describe the results of your cost of service study.**

16 A. The cost of service study was completed in order to achieve parity similar to
17 the last rate proceeding for all rate classes. The initial results were analyzed to
18 ensure that no rate class received an increase greater than a 1.5 times the system
19 average and no rate class received a decrease. Adjustments were made to ensure
20 compliance with these requirements and any difference in the revenue
21 requirement was then allocated back to the other rate classes with each rate
22 adjusted accordingly to provide for the target revenue return. Final percentage
23 increases were shown above.

24
25 **Rate Design**

26
27 **Q. After you determined the interclass revenue allocation, how did you design**
28 **rates to achieve the revenue requirement?**

29 A. The results of the cost of service study shown in Schedule E-1 include
30 unitized costs for customer, demand and energy charges within each specified

1 class of service. We use these unitized costs to adjust the pricing components
2 within each class to the maximum degree possible.

3
4 **Q. Please describe the rate design changes for the Residential Class.**

5 A. The current Residential rate consists of \$10.00 per month customer charge
6 with a 1.373¢ per kWh energy charge. To this we applied the percentage increase
7 for the Residential class to derive the proposed rates of \$14.00 per month and
8 1.967¢ per kWh.

9
10 **Q. Please describe the rate design changes for the General Service Non-Demand**
11 **Class.**

12 A. The current General Service rate consists of \$14.00 per month customer
13 charge with a 1.473¢ per kWh energy charge. To this we applied the percentage
14 increase for the General Service class to derive the proposed rates of \$21.00 per
15 month and 2.206¢ per kWh.

16
17 **Q. Please describe the rate design changes for the General Service Demand**
18 **Class.**

19 A. The current General Service Demand rate consists of \$44.00 per month
20 customer charge with a 0.232¢ per kWh energy charge and \$2.48 demand charge.
21 To this we applied the percentage increase for the General Service Demand class
22 to derive the proposed rates of \$62.00 per month and 0.323¢ per kWh and \$3.47
23 per kW.

24
25 **Q. Please describe the rate design changes for the General Service Large**
26 **Demand Class.**

27 A. The current General Service Large Demand consists of \$75.00 per month
28 customer charge with a 0.086¢ per kWh energy charge and \$2.89 demand charge.
29 To this we applied the percentage increase for the General Service Large Demand

1 class to derive the proposed rates of \$113.00 per month and 0.113¢ per kWh and
2 \$4.34 per kW.

3

4 **Q. Please describe the rate design changes for the General Service Demand -**
5 **Large 1 Class.**

6 A. The current General Service Large Demand 1 rate consists of \$600.00 per
7 month customer charge with a 0.000¢ per kWh energy charge, \$1.12 per KW
8 demand charge and \$0.24 per KVAR reactive demand charge. To this we applied
9 the percentage increase for the General Service Large Demand 1 class to derive
10 the proposed rates of \$600.00 per month and 0.000¢ per kWh, \$1.12 per kW
11 demand and \$0.24 per KVAR reactive demand. The rates in this class were not
12 changed based on the cost of service study results.

13

14 **Q. Please describe the rate design changes for the Outdoor Lighting Classes.**

15 A. The current Outdoor Lighting base rates were increased by 20% for all lights
16 and poles. The cost of study results were combined for all Outdoor Lighting types
17 in order to determine the overall increase which was applied to each fixture and
18 pole.

19

20 **Q. Please describe the rate design changes for the Street Lighting Classes.**

21 A. The current Street Lighting base rates increased by 43% for all lights and
22 poles. The cost of study results were combined for all Street Lighting types in
23 order to determine the overall increase which was applied to each fixture and
24 pole.

25

26 **Q. Are you proposing any changes to the Transformer Ownership Discount and**
27 **Standby Service Rates?**

28 The Transformer Ownership Discount is currently set at \$0.55 KW demand for
29 customers who own their distributions facilities. Using the billing determinants,

1 we derived a rate of \$0.26 KW demand for GSD and \$0.34 KW demand for
2 GSLD. However, we propose to leave the discount at the current rate of \$0.55
3 KW demand for both GSD and GSLD. There are currently no customers on the
4 Standby Service Rate and that rate is currently set based on demand requirements.
5 The current rates for customers with less than 500 KW are a \$25.00 customer
6 charge and \$1.89 KW demand charge. The current rates for customers with more
7 than 500 KW are a \$25.00 customer charge and \$0.50 KW demand charge. Using
8 the billing determines the proposed charges for customer with less than 500 KW
9 are a \$25.00 customer charge and \$1.76 KW demand charge and for customers
10 with more than 500 KW a \$25.00 customer charge and \$0.43 KW demand charge.

11

12 **Q. Are you proposing changes to the service charges in this filing?**

13 A. Yes. The proposed service charges are provided in Schedule E-10. Each
14 service charge was evaluated in order to determine the appropriate cost and
15 revenue requirement for each. Labor cost, transportation cost and overheads were
16 applied to the typical task associated with each service charge. Based on typical
17 costs, service charge amounts were determined for six different tasks.

18 A service charge for the initial establishment of service was set at \$53.00 as
19 compared to the existing amount of \$44.00. A service charge for making changes
20 to or reestablishing an existing service was set at \$23.00 as compared to the
21 existing amount of \$19.00. A service charge to temporarily disconnect and then
22 reconnect a service due to customer request was set at \$33.00 as compared to the
23 existing amount of \$27.00. A service charge to reconnect a service after a rule
24 violation was set at \$44.00 during normal business hours and \$95.00 after normal
25 business hours as compared to the existing amount of \$37.00 during normal
26 business hours and \$60.00 after normal business hours. A service charge used for
27 connecting a temporary service was set at \$52.00 as compared to the existing
28 amount of \$44.00. A service charge for collection of delinquent accounts in the
29 field was set at \$14.00 as compared to the existing amount of \$11.50.

30

1 **Q. Does this conclude your written testimony at this time?**

2 **A. Yes it does.**

3

4

5

6

7

8 **Exhibit 1**

9

10

**Table 2-1: Own-Price Elasticities of Demand for Electricity –
Synthesis of Values Reported in the Literature**

11

12

Private	Short-Run			Long-Run		
	Low	Med	High	Low	Med	High
Residential	-0.05	-0.20	-0.40	-0.30	-0.60	-1.20
Commercial	-0.20	-0.30	-0.70	-0.80	-1.10	-1.30
Industrial	-0.10	-0.20	-0.30	-0.90	-1.20	-1.40

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS
SCHEDULE A – EXECUTIVE SUMMARY
SCHEDULES

AUGUST 2007

FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS

EXECUTIVE SUMMARY SCHEDULES

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the requested
full revenue requirements increase.

Type of Data Shown:

Projected Test Year Ended 12/31/2008

Witness: Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No	Description	Source	Amount
1.	Jurisdictional Adjusted Rate Base	Schedule B-1	\$ 43,020,996
2.	Rate of Return on Rate Base Requested	Schedule D-1	x 8.07%
3.	Jurisdictional Net Operating Income Requested	Line 1 x Line 2	\$ 3,471,794
4.	Jurisdictional Adjusted Net Operating Income	Schedule C-1	<u>206,341</u>
5.	Net Operating Income Deficiency (Excess)	Line 3 - Line 4	\$ 3,265,453
6.	Earned Rate of Return	Line 4/Line 1	<u>0.48%</u>
7.	Net Operating Income Multiplier	Schedule C-44	x 1.6077
8.	Revenue Increase (Decrease) Requested	Line 5 x Line 7	<u>\$ 5,249,895</u>
8a.	Increase due to Service Charges and Other Revenue		<u>\$ 52,129</u>
8b.	Increase Due to Base Rate Revenues		<u>\$ 5,197,765</u>
9	Base Revenues	C-5 (2008)	\$ 13,027,278
10a	Total Revenue % Increase on Base Revenues	8/9	40.30%
10b	Base Revenue % Increase on Base Revenues	8b/9	39.90%
11	Base + Other + Fuel + Conservation Revenues + Tax Revenues	C-5 (2008)	62,488,964
12	% Increase on Base + Fuel + Conservation Revenues		8.40%

Supporting Schedules: B-1, D-1, C-1, C-5, C-44

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

(1)	(2)	BILL UNDER PRESENT RATES					BILL UNDER PROPOSED RATES					INCREASE		COSTS IN CENTS/KWH				
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
TYPICAL KW	KWH	BASE RATE	FUEL CHARGE	ECCR CHARGE	CAPACITY CHARGE	ENVIRONMENTAL CHARGE	TOTAL	BASE RATE	FUEL CHARGE	ECCR CHARGE	CAPACITY CHARGE	ENVIRONMENTAL CHARGE	TOTAL	DOLLARS (14)-(8)	PERCENT (15)/(8)	PRESENT (8)/(2)	PROPOSED (14)/(2)	
General Service Demand (GSD)							<u>Current</u>	<u>Proposed</u>										
		CUSTOMER FACILITIES CHARGE					44.00	62.00										
		DEMAND CHARGE					2.48	3.47 \$/KW										
		ENERGY CHARGE					0.00232	0.00323 \$/KWH										
		FUEL CHARGE*					0.0448	0.0602 \$/KWH										
		CONSERVATION CHARGE					0.0006	0.0006 \$/KWH										
25	5,475	56.70	245.42	3.29	62.00		367.41	79.66	245.42	3.29	86.75		415.12	47.71	12.99%	6.7107	7.5821	
25	10,950	69.40	490.85	6.57	62.00		628.82	97.32	490.85	6.57	86.75		681.49	52.67	8.38%	5.7427	6.2237	
25	16,425	82.11	736.27	9.86	62.00		890.23	114.99	736.27	9.86	86.75		947.87	57.63	6.47%	5.4200	5.7709	
50	10,950	69.40	490.85	6.57	124.00		690.82	97.32	490.85	6.57	173.50		768.24	77.42	11.21%	6.3089	7.0159	
50	21,900	94.81	981.70	13.14	124.00		1,213.65	132.65	981.70	13.14	173.50		1,300.99	87.34	7.20%	5.5418	5.9406	
50	32,850	120.21	1,472.55	19.71	124.00		1,736.47	167.97	1,472.55	19.71	173.50		1,833.73	97.26	5.60%	5.2861	5.5821	
75	16,425	82.11	736.27	9.86	186.00		1,014.23	114.99	736.27	9.86	260.25		1,121.37	107.13	10.56%	6.1749	6.8272	
75	32,850	120.21	1,472.55	19.71	186.00		1,798.47	167.97	1,472.55	19.71	260.25		1,920.48	122.01	6.78%	5.4748	5.8462	
75	49,275	158.32	2,208.82	29.57	186.00		2,562.70	220.96	2,208.82	29.57	260.25		2,719.60	136.89	5.30%	5.2414	5.5192	
100	21,900	94.81	981.70	13.14	248.00		1,337.65	132.65	981.70	13.14	347.00		1,474.49	136.84	10.23%	6.1080	6.7328	
100	43,800	145.62	1,963.40	26.28	248.00		2,383.29	203.30	1,963.40	26.28	347.00		2,539.97	156.68	6.57%	5.4413	5.7990	
100	65,700	196.42	2,945.09	39.42	248.00		3,428.94	273.95	2,945.09	39.42	347.00		3,605.46	176.52	5.15%	5.2191	5.4878	
250	54,700	170.90	2,452.00	32.82	620.00		3,275.73	238.46	2,452.00	32.82	867.50		3,590.78	315.06	9.62%	5.9885	6.5645	
250	109,500	298.04	4,908.49	65.70	620.00		5,892.23	415.25	4,908.49	65.70	867.50		6,256.93	364.71	6.19%	5.3810	5.7141	
250	164,500	425.64	7,373.94	98.70	620.00		8,518.28	592.68	7,373.94	98.70	867.50		8,932.81	414.54	4.87%	5.1783	5.4303	
* Current fuel charge calculated as the KWh weighted average across the Fernandina Beach and Marianna divisions																		
General Service Large Demand (GSLD)							<u>Current</u>	<u>Proposed</u>										
		CUSTOMER FACILITIES CHARGE					75.00	113.00										
		DEMAND CHARGE					2.89	4.34 \$/KW										
		ENERGY CHARGE					0.00086	0.00113 \$/KWH										
		FUEL CHARGE*					0.0425	0.0602 \$/KWH										
		CONSERVATION CHARGE					0.0006	0.0007 \$/KWH										
500	109,500	169.17	4,653.06	65.70	1,445.00		6,332.93	236.76	4,653.06	65.70	2,170.00		7,125.52	792.59	12.52%	5.7835	6.5073	
500	219,000	263.34	9,306.12	131.40	1,445.00		11,145.86	360.51	9,306.12	131.40	2,170.00		11,968.04	822.17	7.38%	5.0894	5.4649	
500	328,500	357.51	13,959.18	197.10	1,445.00		15,958.79	484.27	13,959.18	197.10	2,170.00		16,810.56	851.76	5.34%	4.8581	5.1174	
750	164,250	216.26	6,979.59	98.55	2,167.50		9,461.90	298.64	6,979.59	98.55	3,255.00		10,631.78	1,169.88	12.36%	5.7607	6.4729	
750	328,500	357.51	13,959.18	197.10	2,167.50		16,681.29	484.27	13,959.18	197.10	3,255.00		17,895.56	1,214.26	7.28%	5.0780	5.4477	
750	492,750	498.77	20,938.78	295.65	2,167.50		23,900.69	669.91	20,938.78	295.65	3,255.00		25,159.34	1,258.64	5.27%	4.8505	5.1059	
1,500	328,500	357.51	13,959.18	197.10	4,335.00		18,648.79	484.27	13,959.18	197.10	6,510.00		21,150.56	2,301.76	12.21%	5.3738	6.4385	
1,500	657,000	640.02	27,918.37	394.20	4,335.00		33,287.59	855.54	27,918.37	394.20	6,510.00		35,678.11	2,390.52	7.18%	5.0666	5.4305	
1,500	985,500	922.53	41,877.55	591.30	4,335.00		47,726.38	1,226.82	41,877.55	591.30	6,510.00		50,205.67	2,479.29	5.19%	4.8429	5.0944	
3,000	657,000	640.02	27,918.37	394.20	8,670.00		37,622.59	855.54	27,918.37	394.20	13,020.00		42,188.11	4,565.52	12.14%	5.7264	6.4213	
3,000	1,314,000	1,205.04	55,836.74	788.40	8,670.00		66,500.18	1,598.09	55,836.74	788.40	13,020.00		71,243.23	4,743.05	7.13%	5.0609	5.4219	
3,000	1,971,000	1,770.06	83,755.11	1,182.60	8,670.00		95,377.77	2,340.63	83,755.11	1,182.60	13,020.00		100,298.34	4,920.57	5.16%	4.8391	5.0887	
5,000	1,095,000	1,016.70	46,530.61	657.00	14,450.00		62,654.31	1,350.57	46,530.61	657.00	21,700.00		70,238.19	7,583.87	12.10%	5.7219	6.4144	
5,000	2,190,000	1,958.40	93,061.23	1,314.00	14,450.00		110,783.63	2,588.15	93,061.23	1,314.00	21,700.00		118,663.38	7,879.75	7.11%	5.0586	5.4184	
5,000	3,285,000	2,900.10	139,591.84	1,971.00	14,450.00		158,912.94	3,825.72	139,591.84	1,971.00	21,700.00		167,088.57	8,175.62	5.14%	4.8375	5.0864	
* Current fuel charge calculated as the KWh weighted average across the Fernandina Beach and Mananna divisions																		

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

Type of Facility	Est. Monthly KWH	Present Rates - Outdoor Lighting				Proposed Rates - Outdoor Lighting				Increase		Cents/KWH	
		Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Dollars	Percent	Current	Proposed
100w HPS Cobra Head-OL	41	5.31	1.23	0.79	7.33	6.37	1.48	0.95	8.80	1.47	20.00%	17.878	21.454
175w MV Cobra Head -OL	72	2.11	2.16	0.41	4.68	2.53	2.59	0.49	5.62	0.94	20.00%	6.500	7.800
400w MV Cobra Head-OL	154	5.77	4.62	0.71	11.1	6.92	5.54	0.85	13.32	2.22	20.00%	7.208	8.649
1000w HPS Flood -OL2	414	14.2	12.15	1.81	28.16	17.04	14.58	2.17	33.79	5.63	20.00%	6.800	8.160
1000w MH Flood - OL2	414	13.18	12.15	1.68	27.01	15.82	14.58	2.02	32.41	5.40	20.00%	6.522	7.827
1000w MH Vert Shoebox - OL2	414	18.47	12.15	2.22	32.84	22.16	14.58	2.66	39.41	6.57	20.00%	7.930	9.516
100w HPS Amer Rev-OL2	42	7.02	1.23	0.95	9.2	8.42	1.48	1.14	11.04	1.84	20.00%	21.945	26.334
100w HPS Cobra Head-OL2	42	5.31	1.23	0.79	7.33	6.37	1.48	0.95	8.80	1.47	20.00%	17.485	20.982
100w HPS SP2 Spectra -OL2	42	15.76	1.23	2.61	19.6	18.91	1.48	3.13	23.52	3.92	20.00%	46.753	56.104
100w MH SP2 Spectra -OL2	42	15.64	1.23	1.82	18.69	18.77	1.48	2.18	22.43	3.74	20.00%	44.582	53.499
150w HPS Acom-OL2	62	12.5	1.83	1.51	15.84	15.00	2.20	1.81	19.01	3.17	20.00%	25.396	30.475
150w HPS ALN 440 -OL2	62	18.6	1.83	2.16	22.59	22.32	2.20	2.59	27.11	4.52	20.00%	36.218	43.462
150w HPS Am Rev-OL2	62	7.2	1.83	0.94	9.97	8.64	2.20	1.13	11.96	1.99	20.00%	15.985	19.182
175w MH ALN 440 -OL2	73	18.72	2.13	2.2	23.05	22.46	2.56	2.64	27.66	4.61	20.00%	31.750	38.101
175w MH Shoebox -OL2	73	14.41	2.13	1.78	18.32	17.29	2.56	2.14	21.98	3.66	20.00%	25.235	30.282
200w HPS Cobra Head -OL2	83	8.08	2.43	0.35	10.86	9.70	2.92	0.42	13.03	2.17	20.00%	13.112	15.735
250w HPS Cobra Head -OL2	103	9.72	3.03	1.21	13.96	11.66	3.64	1.45	16.75	2.79	20.00%	13.518	16.221
250w HPS Flood -OL2	103	7.36	3.03	1.11	11.5	8.83	3.64	1.33	13.80	2.30	20.00%	11.136	13.363
250w MH Shoebox-OL2	103	15.33	3.03	1.98	20.34	18.40	3.64	2.38	24.41	4.07	20.00%	19.695	23.635
400w HPS Cobra Head -OL2	166	7.31	4.86	1.11	13.28	8.77	5.83	1.33	15.94	2.66	20.00%	8.017	9.621
400w HPS Flood - OL2	166	11.34	4.86	1.37	17.57	13.61	5.83	1.64	21.08	3.51	20.00%	10.607	12.728
400w MH Flood OL2	166	7.64	4.86	1.15	13.65	9.17	5.83	1.38	16.38	2.73	20.00%	8.241	9.889
10' Alum Deco Base-OL2		11.64			11.64	13.97			13.97	2.33	20.00%	N/A	N/A
13' Decorative Concrete-OL2		8.94			8.94	10.73			10.73	1.79	20.00%	N/A	N/A
18' Fiberglass Round-OL2		5.93			5.93	7.12			7.12	1.19	20.00%	N/A	N/A
20' Decorative Concrete-OL2		10.13			10.13	12.16			12.16	2.03	20.00%	N/A	N/A
30' Wood Pole Std-OL2		3.35			3.35	4.02			4.02	0.67	20.00%	N/A	N/A
35' Concrete Square-OL2		9.89			9.89	11.87			11.87	1.98	20.00%	N/A	N/A
40' Wood Pole Std - OL2		6.76			6.76	8.11			8.11	1.35	20.00%	N/A	N/A
30' Wood pole		3.53			3.53	4.24			4.24	0.71	20.00%	N/A	N/A

Suppring Schedules: A-3, E-13d

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-E1

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

Type of Facility	Est. Monthly KWH	Present Rates - Street Lighting				Proposed Rates - Street Lighting				Increase		Cents/KWH	
		Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Dollars	Percent	Current	Proposed
175w MV Cobra Head - SL1-2	72	0.61	2.16	0.92	3.69	0.87	3.09	1.32	5.28	1.59	43.00%	5.1250	7.3288
400w MV Cobra Head - SL1-3	154	1.02	4.62	1.05	6.69	1.46	6.61	1.50	9.57	2.88	43.00%	4.3442	6.2121
175w MV Cobra Head -SL2	72	0.61	2.16	0.92	3.69	0.87	3.09	1.32	5.28	1.59	43.00%	5.1250	7.3288
400w MV Cobra Head -SL2	154	1.02	4.62	1.05	6.69	1.46	6.61	1.50	9.57	2.88	43.00%	4.3442	6.2121
1000w MH Flood -SL3	414	8.42	12.15	5.17	25.74	12.04	17.37	7.39	36.81	11.07	43.00%	6.2112	8.8821
100w HPS Amer -SL3	42	4.55	1.23	2.89	8.67	6.51	1.76	4.13	12.40	3.73	43.00%	20.6662	29.5526
100w HPS Cobra Head- SL3	42	3.32	1.23	2.12	6.67	4.75	1.76	3.03	9.54	2.87	43.00%	15.8989	22.7354
150w HPS Acom -SL3	62	7.95	1.83	4.68	14.46	11.37	2.62	6.69	20.68	6.22	43.00%	23.1667	33.1283
150w HPS Amer Rev -SL3	62	4.44	1.83	3.26	9.53	6.35	2.62	4.66	13.63	4.10	43.00%	15.2682	21.8335
175w MH ALN 440 -SL3	73	16.97	2.13	1.3	20.4	24.27	3.05	1.86	29.17	8.77	43.00%	28.0800	40.1544
200w HPS Cobra Head -SL3	83	4.26	2.43	2.19	8.88	6.09	3.47	3.13	12.70	3.82	43.00%	10.7140	15.3211
250w HPS Cobra Head -SL3	103	4.08	3.03	3	10.11	5.83	4.33	4.29	14.46	4.35	43.00%	9.7826	13.9891
250w HPS Flood - SL3	103	7	3.03	4.1	14.13	10.01	4.33	5.86	20.21	6.08	43.00%	13.6724	19.5516
400w HPS Cobra Head -SL3	166	4.77	4.86	3.36	12.99	6.82	6.95	4.80	18.58	5.59	43.00%	7.8364	11.2061
400w MH Flood -SL3	166	7.31	4.86	8.82	20.99	10.45	6.95	12.61	30.02	9.03	43.00%	12.6626	18.1075
10' Alum Deco Base-SL3		11.31			11.31	16.17			16.17	4.86	43.00%	N/A	N/A
13' Deco Concrete - SL3		7.85			7.85	11.23			11.23	3.38	43.00%	N/A	N/A
18' Fiberglass Round-SL3		5.78			5.78	8.27			8.27	2.49	43.00%	N/A	N/A
20' Decorative Concrete-SL3		8.68			8.68	12.41			12.41	3.73	43.00%	N/A	N/A
30' Wood Pole Std - SL3		2.78			2.78	3.98			3.98	1.20	43.00%	N/A	N/A
35' Concrete Square-SL3		9.71			9.71	13.89			13.89	4.18	43.00%	N/A	N/A

Supporting Schedules: A-3, E-13d

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a summary of all proposed changes in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

(1) Current Rate Schedule	(2) Type of Charge	(3) Current Rate	(4) Proposed Rate Schedule	(5) Proposed Rate	(6) Percent Increase
Service Charges					
	1 Initial Establishment of Service	44.00		53.00	20.45%
	2 Re-establish Service or Make Changes to Existing Account	19.00		23.00	21.05%
	3 Temporary Disconnect Then Reconnect Service Due To Customer Request	27.00		33.00	22.22%
	4 Reconnect After Disconnect for Rule Violation(normal hours)	37.00		44.00	18.92%
	5 Reconnect After Disconnect for Rule Violation(after hours)	60.00		95.00	58.33%
	6 Temporary Service - this charge is used in conjunction with the temporary service fee when running a temporary service	44.00		52.00	18.18%
	7 Collection Charge	11.50		14.00	21.74%
	8 Returned Check Charge	Per Statute		Per Statute	N/A
Residential Service					
RS	CUSTOMER FACILITIES CHARGE	10.00	RS	14.00	40.00%
RS	DEMAND CHARGE (\$/kW)	-	RS	-	N/A
RS	ENERGY CHARGE (\$/kWh)	0.01373	RS	0.01967	43.29%
RS	FUEL CHARGE (\$/kWh) Marianna (Northwest)	0.04420	RS	0.06137	38.85%
RS	FUEL CHARGE (\$/kWh) Fernandina Beach (Northeast)	0.05166	RS	0.06137	18.80%
RS	CONSERVATION CHARGE (\$/kWh)	0.00060	RS	0.00050	-16.67%
General Service					
GS	CUSTOMER FACILITIES CHARGE	14.00	GS	21.00	50.00%
GS	DEMAND CHARGE (\$/kW)	-	GS	-	N/A
GS	ENERGY CHARGE (\$/kWh)	0.01473	GS	0.02206	49.76%
GS	FUEL CHARGE (\$/kWh) Marianna (Northwest)	0.04366	GS	0.06024	37.97%
GS	FUEL CHARGE (\$/kWh) Fernandina Beach (Northeast)	0.05056	GS	0.06024	19.14%
GS	CONSERVATION CHARGE (\$/kWh)	0.00060	GS	0.00050	-16.67%

FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION:	Provide a summary of all proposed changes in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.	Type of Data Shown: Projected Test Year Ended 12/31/2008 Prior Year Ended 12/31/2007 Historic Year Ended 12/31/2006 Witness: Mark Cutshaw
COMPANY: FLORIDA PUBLIC UTILITIES Consolidated Electric Division DOCKET NO.: 070304-EI			

(1) Current Rate Schedule	(2) Type of Charge	(3) Current Rate	(4) Proposed Rate Schedule	(5) Proposed Rate	(6) Percent Increase
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General Service Demand

GSD	CUSTOMER FACILITIES CHARGE	44.00	GSD	62.00	40.91%
GSD	DEMAND CHARGE (\$/kW)	2.48	GSD	3.47	39.92%
GSD	ENERGY CHARGE (\$/kWh)	0.00232	GSD	0.00323	39.05%
GSD	FUEL CHARGE (\$/kWh) Marianna (Northwest)	0.04177	GSD	0.06024	44.21%
GSD	FUEL CHARGE (\$/kWh) Fernandina Beach (Northeast)	0.04812	GSD	0.06024	25.18%
GSD	CONSERVATION CHARGE (\$/kWh)	0.00060	GSD	0.00060	0.00%

General Service Large Demand

GSLD	CUSTOMER FACILITIES CHARGE	75.00	GSLD	113.00	50.67%
GSLD	DEMAND CHARGE (\$/kW)	2.89	GSLD	4.34	50.17%
GSLD	ENERGY CHARGE (\$/kWh)	0.00086	GSLD	0.00113	31.42%
GSLD	FUEL CHARGE (\$/kWh) Marianna (Northwest)	0.04001	GSLD	0.06024	50.56%
GSLD	FUEL CHARGE (\$/kWh) Fernandina Beach (Northeast)	0.04850	GSLD	0.06024	24.20%
GSLD	CONSERVATION CHARGE (\$/kWh)	0.00060	GSLD	0.00070	16.67%

General Service Large Demand 1

GSLD1	CUSTOMER FACILITIES CHARGE	600.00	GSLD1	600.00	0.00%
GSLD1	DEMAND CHARGE (\$/kW)	1.12	GSLD1	1.12	0.00%
GSLD1	REACTIVE DEMAND CHARGE (\$/KVAR EXCESS DEMAND)	0.24	GSLD1	0.24000	0.00%
GSLD1	ENERGY CHARGE (\$/kWh)	-	GSLD1	-	N/A
GSLD1	PRODUCTION DEMAND	7.22000 (Estimate)	GSLD1	7.22000 (Estimate)	0.00%
GSLD1	FUEL CHARGE (\$/kWh)	0.03231 (Estimate)	GSLD1	0.03224 (Estimate)	-0.22%
GSLD1	CONSERVATION CHARGE (\$/kWh)	0.00060	GSLD1	0.00050	-16.67%

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a summary of all proposed changes in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

Type of Facility	Present Rates - Outdoor Lighting							Proposed Rates - Outdoor Lighting					Percent Increase	
	Annual Billing Items	Est. Monthly KWH	Annual KWH	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	\$ Total Revenue	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge		\$ Total Revenue
100w HPS Cobra Head-OL	22,365	41	492	5.31	1.23	0.79	7.33	163,935	6.37	1.48	0.95	8.80	196,723	20%
175w MV Cobra Head -OL	5,844	72	864	2.11	2.16	0.41	4.68	27,350	2.53	2.59	0.49	5.62	32,820	20%
400w MV Cobra Head-OL	305	154	1,848	5.77	4.62	0.71	11.1	3,386	6.92	5.54	0.85	13.32	4,063	20%
1000w HPS Flood -OL2	150	414	4,969	14.2	12.15	1.81	28.16	4,233	17.04	14.58	2.17	33.79	5,079	20%
1000w MH Flood - OL2	2,768	414	4,969	13.18	12.15	1.68	27.01	74,761	15.82	14.58	2.02	32.41	89,713	20%
1000w MH Vert Shoebox - OL2	135	414	4,969	18.47	12.15	2.22	32.84	4,432	22.16	14.58	2.66	39.41	5,319	20%
100w HPS Amer Rev-OL2	1,301	42	503	7.02	1.23	0.95	9.2	11,966	8.42	1.48	1.14	11.04	14,359	20%
100w HPS Cobra Head-OL2	11,994	42	503	5.31	1.23	0.79	7.33	87,915	6.37	1.48	0.95	8.80	105,498	20%
100w HPS SP2 Spectra -OL2	113	42	503	15.76	1.23	2.61	19.6	2,225	18.91	1.48	3.13	23.52	2,669	20%
100w MH SP2 Spectra -OL2	269	42	503	15.64	1.23	1.82	18.69	5,026	18.77	1.48	2.18	22.43	6,031	20%
150w HPS Acorn-OL2	777	62	748	12.5	1.83	1.51	15.84	12,309	15.00	2.20	1.81	19.01	14,771	20%
150w HPS ALN 440 -OL2	816	62	748	18.6	1.83	2.16	22.59	18,432	22.32	2.20	2.59	27.11	22,119	20%
150w HPS Am Rev-OL2	1,282	62	748	7.2	1.83	0.94	9.97	12,784	8.64	2.20	1.13	11.96	15,340	20%
175w MH ALN 440 -OL2	37	73	871	18.72	2.13	2.2	23.05	848	22.46	2.56	2.64	27.66	1,018	20%
175w MH Shoebox -OL2	4,497	73	871	14.41	2.13	1.78	18.32	82,384	17.29	2.56	2.14	21.98	98,861	20%
200w HPS Cobra Head -OL2	3,399	83	994	8.08	2.43	0.35	10.86	36,911	9.70	2.92	0.42	13.03	44,293	20%
250w HPS Cobra Head -OL2	736	103	1,239	9.72	3.03	1.21	13.96	10,277	11.66	3.64	1.45	16.75	12,333	20%
250w HPS Flood -OL2	3,336	103	1,239	7.36	3.03	1.11	11.5	38,369	8.83	3.64	1.33	13.80	46,042	20%
250w MH Shoebox-OL2	213	103	1,239	15.33	3.03	1.98	20.34	4,326	18.40	3.64	2.38	24.41	5,191	20%
400w HPS Cobra Head -OL2	1,436	166	1,988	7.31	4.86	1.11	13.28	19,065	8.77	5.83	1.33	15.94	22,878	20%
400w HPS Flood - OL2	63	166	1,988	11.34	4.86	1.37	17.57	1,114	13.61	5.83	1.64	21.08	1,337	20%
400w MH Flood OL2	4,914	166	1,988	7.64	4.86	1.15	13.65	67,078	9.17	5.83	1.38	16.38	80,493	20%
10' Alum Deco Base-OL2	1,210			11.64			11.64	14,080	13.97			13.97	16,896	20%
13' Decorative Concrete-OL2	179			8.94			8.94	1,600	10.73			10.73	1,920	20%
18' Fiberglass Round-OL2	2,274			5.93			5.93	13,485	7.12			7.12	16,182	20%
20' Decorative Concrete-OL2	5,599			10.13			10.13	56,720	12.16			12.16	68,064	20%
30' Wood Pole Std-OL2	17,574			3.35			3.35	58,872	4.02			4.02	70,646	20%
35' Concrete Square-OL2	1,442			9.89			9.89	14,259	11.87			11.87	17,110	20%
40' Wood Pole Std - OL2	6			6.76			6.76	41	8.11			8.11	50	20%
30' Wood pole	2,307			3.53			3.53	8,143	4.24			4.24	9,771	20%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of all proposed changes in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.

Type of Data Shown:

Projected Test Year Ended 12/31/2008

Historic Year Ended 12/31/2006

Witness: Mark Cutshaw

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Type of Facility	Present Rates - Streetlighting							Proposed Rates - Streetlighting							Percent Increase
	Annual Billing Items	Est. Monthly KWH	Annual KWH	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	\$ Total Revenue	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	\$ Total Revenue		
175w MV Cobra Head - SL1-2	4,849	72	864	0.61	2.16	0.92	3.69	17,893	0.87	3.09	1.32	5.28	25,587	43%	
400w MV Cobra Head - SL1-3	70	154	1,848	1.02	4.62	1.05	6.69	468	1.46	6.61	1.50	9.57	670	43%	
175w MV Cobra Head - SL2	5,376	72	864	0.61	2.16	0.92	3.69	19,837	0.87	3.09	1.32	5.28	28,368	43%	
400w MV Cobra Head - SL2	870	154	1,848	1.02	4.62	1.05	6.69	5,820	1.46	6.61	1.50	9.57	8,323	43%	
1000w MH Flood - SL3	135	414	4,973	8.42	12.15	5.17	25.74	3,477	12.04	17.37	7.39	36.81	4,972	43%	
100w HPS Amer - SL3	49	42	503	4.55	1.23	2.89	8.67	426	6.51	1.76	4.13	12.40	609	43%	
100w HPS Cobra Head - SL3	14,201	42	503	3.32	1.23	2.12	6.67	94,724	4.75	1.76	3.03	9.54	135,455	43%	
150w HPS Acorn - SL3	258	62	749	7.95	1.83	4.68	14.46	3,729	11.37	2.62	6.69	20.68	5,332	43%	
150w HPS Amer Rev - SL3	988	62	749	4.44	1.83	3.26	9.53	9,420	6.35	2.62	4.66	13.63	13,470	43%	
175w MH ALN 440 - SL3	135	73	872	16.97	2.13	1.3	20.4	2,755	24.27	3.05	1.86	29.17	3,940	43%	
200w HPS Cobra Head - SL3	3,623	83	995	4.26	2.43	2.19	8.88	32,175	6.09	3.47	3.13	12.70	46,010	43%	
250w HPS Cobra Head - SL3	2,667	103	1,240	4.08	3.03	3	10.11	26,959	5.83	4.33	4.29	14.46	38,551	43%	
250w HPS Flood - SL3	258	103	1,240	7	3.03	4.1	14.13	3,643	10.01	4.33	5.86	20.21	5,210	43%	
400w HPS Cobra Head - SL3	212	166	1,989	4.77	4.86	3.36	12.99	2,751	6.82	6.95	4.80	18.58	3,935	43%	
400w MH Flood - SL3	84	166	1,989	7.31	4.86	8.82	20.99	1,761	10.45	6.95	12.61	30.02	2,518	43%	
10' Alum Deco Base - SL3	111			11.31	0	0	11.31	1,250	16.17			16.17	1,787	43%	
13' Deco Concrete - SL3	12			7.85	0	0	7.85	96	11.23			11.23	138	43%	
18' Fiberglass Round - SL3	1,038			5.78	0	0	5.78	5,997	8.27			8.27	8,576	43%	
20' Decorative Concrete - SL3	246			8.68	0	0	8.68	2,132	12.41			12.41	3,048	43%	
30' Wood Pole Std - SL3	2,023			2.78	0	0	2.78	5,624	3.98			3.98	8,042	43%	
35' Concrete Square - SL3	270			9.71	0	0	9.71	2,623	13.89			13.89	3,751	43%	

Supporting Schedules: E-13d

Recap Schedules: A-1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the calculation of the requested
 interim revenue requirements increase.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Cheryl Martin

Line No	Description	Source	Amount
1.	Jurisdictional Adjusted Rate Base	Schedule G-2	\$ 38,057,241
2.	Rate of Return on Rate Base Requested	Schedule G-19a	x 7.80%
3.	Jurisdictional Income Requested	Line 1 x Line 2	\$ 2,968,465
4.	Jurisdictional Adjusted Net Operating Income	Schedule G-7	- 2,476,531
5.	Income Deficiency (Excess)	Line 3 - Line 4	\$ 491,934
6.	Earned Rate of Return	Line 4/Line 1	6.51%
7.	Net Operating Income Multiplier	Schedule G-18	x 1.6075
8.	Revenue Increase (Decrease) Requested	Line 5 x Line 7	\$ 790,784

Supporting Schedules: G-1, G-2, G19-a, G-7, G-18

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed interim rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

(1)	(2)	BILL UNDER PRESENT RATES					(8)	BILL UNDER PROPOSED RATES					(14)	INCREASE		COSTS IN CENTS/KWH		
		(3)	(4)	(5)	(6)	(7)		(9)	(10)	(11)	(12)	(13)		(15)	(16)	(17)	(18)	
TYPICAL	KWH	BASE	FUEL	ECCR	CAPACITY	ENVIRONMENTAL	TOTAL	BASE	FUEL	ECCR	CAPACITY	ENVIRONMENTAL	TOTAL	DOLLARS	PERCENT	PRESENT	PROPOSED	
KW		RATE	CHARGE	CHARGE	CHARGE	CHARGE		RATE	CHARGE	CHARGE	CHARGE	CHARGE		(14)-(8)	(15)/(8)	(8)/(2)	(14)/(2)	
Residential (RS)																		
							Current	Proposed										
							10.00	10.59										
							-	-	\$/KW									
							0.01373	0.01453	\$/KWH									
							0.0614	0.0614	\$/KWH									
							0.0005	0.0005	\$/KWH									
0	10.00	-	-	-	-	-	10.00	10.59	-	-	-	-	10.59	0.59	5.86%	N/A	N/A	
100	11.37	6.14	0.05	-	-	-	17.56	12.04	6.14	0.05	-	-	18.23	0.67	3.79%	17.563	18.229	
250	13.43	15.34	0.13	-	-	-	28.91	14.22	15.34	0.13	-	-	29.69	0.79	2.72%	11.563	11.878	
500	16.87	30.68	0.26	-	-	-	47.81	17.85	30.68	0.26	-	-	48.80	0.99	2.07%	9.563	9.760	
750	20.30	46.03	0.40	-	-	-	66.72	21.49	46.03	0.40	-	-	67.91	1.19	1.78%	8.866	9.055	
1,000	23.73	61.37	0.53	-	-	-	85.63	25.12	61.37	0.53	-	-	87.02	1.39	1.62%	8.563	8.702	
1,250	27.16	76.71	0.66	-	-	-	104.54	28.75	76.71	0.66	-	-	106.13	1.59	1.52%	8.363	8.490	
1,500	30.60	92.05	0.79	-	-	-	123.44	32.39	92.05	0.79	-	-	125.24	1.79	1.45%	8.230	8.349	
2,000	37.46	122.74	1.06	-	-	-	181.26	39.65	122.74	1.06	-	-	183.45	2.19	1.36%	8.063	8.173	
3,000	51.19	184.11	1.59	-	-	-	236.89	54.19	184.11	1.59	-	-	239.88	3.00	1.27%	7.896	7.996	
5,000	78.65	306.85	2.65	-	-	-	388.15	83.26	306.85	2.65	-	-	392.75	4.61	1.19%	7.763	7.855	
General Service (GS)							Current	Proposed										
							14.00	14.82										
							-	-	\$/KW									
							0.01473	0.01559	\$/KWH									
							0.0602	0.0602	\$/KWH									
							0.0005	0.0005	\$/KWH									
0	14.00	-	-	-	-	-	14.00	14.82	-	-	-	-	14.82	0.82	5.86%	N/A	N/A	
250	17.68	15.06	0.13	-	-	-	32.87	18.72	15.06	0.13	-	-	33.91	1.04	3.15%	13.150	13.584	
500	21.37	30.12	0.27	-	-	-	51.75	22.62	30.12	0.27	-	-	53.00	1.25	2.42%	10.350	10.600	
750	25.05	45.18	0.40	-	-	-	70.62	26.51	45.18	0.40	-	-	72.09	1.47	2.08%	9.417	9.612	
1,000	28.73	60.24	0.53	-	-	-	89.50	30.41	60.24	0.53	-	-	91.18	1.68	1.88%	8.950	9.118	
1,250	32.41	75.30	0.67	-	-	-	108.37	34.31	75.30	0.67	-	-	110.27	1.90	1.75%	8.670	8.822	
1,500	36.10	90.36	0.80	-	-	-	127.25	38.21	90.36	0.80	-	-	129.36	2.11	1.66%	8.483	8.624	
2,000	43.46	120.47	1.06	-	-	-	165.00	46.00	120.47	1.06	-	-	167.54	2.54	1.54%	8.250	8.377	
3,000	58.19	180.71	1.60	-	-	-	240.50	61.80	180.71	1.60	-	-	243.91	3.41	1.42%	8.017	8.130	
5,000	87.65	301.19	2.66	-	-	-	381.50	92.78	301.19	2.66	-	-	396.63	5.13	1.31%	7.830	7.933	

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed interim rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

(1)	(2)	BILL UNDER PRESENT RATES						"INTERIM" BILL UNDER PROPOSED RATES						INCREASE		COSTS IN CENTS/KWH	
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
TYPICAL KW	KWH	BASE RATE	FUEL CHARGE	ECCR CHARGE	CAPACITY CHARGE	ENVIRONMENTAL CHARGE	TOTAL	BASE RATE	FUEL CHARGE	ECCR CHARGE	CAPACITY CHARGE	ENVIRONMENTAL CHARGE	TOTAL	DOLLARS (14)-(8)	PERCENT (15)/(8)	PRESENT (8)/(2)	PROPOSED (14)/(2)
General Service Large Demand (GSLD1)																	
						Current	Proposed										
						600.00	635.13										
						1.12	1.19										
						0.24	0.25										
						-	-										
						0.0323	0.0323										
						7.22	7.22										
						0.0005	0.0005										
17,385	5,882,755	600	236,973	2,941	19,570	-	260,085	635	236,973	2,941	20,716		261,266	1,181	0.454%	4.4211	4.4412

Note: Fuel Charge and Production Demand charge used to calculate cost of purchased power and reported above as "Fuel Charge"
 For the GSLD-1 tariff, the fuel charge is applied to the average KWH and the production demand charge is applied to an estimated average coincident peak of 6,496 KW
 Average Monthly KVAR estimated at 413
 Supporting Schedules: G-22

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed interim rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

Type of Facility	Est. Monthly KWH	Present Rates - Street Lighting				*INTERIM* Proposed Rates - Street Lighting				Increase		Cents/KWH	
		Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Dollars	Percent	Current	Proposed
100w HPS Cobra Head-OL	41	5.31	1.23	0.79	7.33	5.62	1.30	0.84	7.76	0.42919	5.86%	17.878	18.925
175w MV Cobra Head -OL	72	2.11	2.16	0.41	4.68	2.23	2.29	0.43	4.95	0.27402	5.86%	6.500	6.881
400w MV Cobra Head-OL	154	5.77	4.62	0.71	11.10	6.11	4.89	0.75	11.75	0.64993	5.86%	7.208	7.630
1000w HPS Flood -OL2	405	14.20	12.15	1.81	28.16	15.03	12.86	1.92	29.81	1.64883	5.86%	6.953	7.360
1000w MH Flood - OL2	405	13.18	12.15	1.68	27.01	13.95	12.86	1.78	28.59	1.58149	5.86%	6.669	7.060
1000w MH Vert Shoebox - OL2	405	18.47	12.15	2.22	32.84	19.55	12.86	2.35	34.76	1.92285	5.86%	8.109	8.583
100w HPS Amer Rev-OL2	41	7.02	1.23	0.95	9.20	7.43	1.30	1.01	9.74	0.53868	5.86%	22.439	23.753
100w HPS Cobra Head-OL2	41	5.31	1.23	0.79	7.33	5.62	1.30	0.84	7.76	0.42919	5.86%	17.878	18.925
100w HPS SP2 Spectra -OL2	41	15.76	1.23	2.61	19.60	16.68	1.30	2.76	20.75	1.14762	5.86%	47.805	50.604
100w MH SP2 Spectra -OL2	41	15.64	1.23	1.82	18.69	16.56	1.30	1.93	19.78	1.09434	5.86%	45.585	48.254
150w HPS Acorn-OL2	61	12.50	1.83	1.51	15.84	13.23	1.94	1.60	16.77	0.92746	5.86%	25.967	27.488
150w HPS ALN 440 -OL2	61	18.60	1.83	2.16	22.59	19.69	1.94	2.29	23.91	1.32269	5.86%	37.033	39.201
150w HPS Am Rev-OL2	61	7.20	1.83	0.94	9.97	7.62	1.94	1.00	10.55	0.58376	5.86%	16.344	17.301
175w MH ALN 440 -OL2	71	18.72	2.13	2.20	23.05	19.82	2.25	2.33	24.40	1.34963	5.86%	32.465	34.366
175w MH Shoebox -OL2	71	14.41	2.13	1.78	18.32	15.25	2.25	1.88	19.39	1.07267	5.86%	25.803	27.314
200w HPS Cobra Head -OL2	81	8.08	2.43	0.35	10.86	8.55	2.57	0.37	11.50	0.63588	5.86%	13.407	14.192
250w HPS Cobra Head -OL2	101	9.72	3.03	1.21	13.96	10.29	3.21	1.28	14.78	0.81739	5.86%	13.822	14.631
250w HPS Flood -OL2	101	7.36	3.03	1.11	11.50	7.79	3.21	1.17	12.17	0.67335	5.86%	11.386	12.053
250w MH Shoebox-OL2	101	15.33	3.03	1.98	20.34	16.23	3.21	2.10	21.53	1.19095	5.86%	20.139	21.318
400w HPS Cobra Head -OL2	162	7.31	4.86	1.11	13.28	7.74	5.14	1.17	14.06	0.77757	5.86%	8.198	8.678
400w HPS Flood - OL2	162	11.34	4.86	1.37	17.57	12.00	5.14	1.45	18.60	1.02876	5.86%	10.846	11.481
400w MH Flood OL2	162	7.64	4.86	1.15	13.65	8.09	5.14	1.22	14.45	0.79924	5.86%	8.426	8.919
10' Alum Deco Base-OL2	0	11.64			11.64	12.32			12.32	0.68155	5.86%	N/A	N/A
13' Decorative Concrete-OL2	0	8.94			8.94	9.46			9.46	0.52346	5.86%	N/A	N/A
18' Fiberglass Round-OL2	0	5.93			5.93	6.28			6.28	0.34721	5.86%	N/A	N/A
20' Decorative Concrete-OL2	0	10.13			10.13	10.72			10.72	0.59313	5.86%	N/A	N/A
30' Wood Pole Std-OL2	0	3.35			3.35	3.55			3.55	0.19615	5.86%	N/A	N/A
35' Concrete Square-OL2	0	9.89			9.89	10.47			10.47	0.57908	5.86%	N/A	N/A
40' Wood Pole Std - OL2	0	6.76			6.76	7.16			7.16	0.39581	5.86%	N/A	N/A
30' Wood pole	0	3.53			3.53	3.74			3.74	0.20669	5.86%	N/A	N/A

Supporting Schedules: G-23

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed interim rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mark Cutshaw

Type of Facility	Est. Monthly KWH	Present Rates - Street Lighting				"INTERIM" Proposed Rates - Street Lighting				Increase		Cents/KWH	
		Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	Dollars	Percent	Current	Proposed
175w MV Cobra Head - SL1-2	72	0.61	2.16	0.92	3.69	0.65	2.29	0.97	3.91	0.22	5.86%	5.1250	5.4251
400w MV Cobra Head - SL1-3	154	1.02	4.62	1.05	6.69	1.08	4.89	1.11	7.08	0.39	5.86%	4.3442	4.5985
175w MV Cobra Head -SL2	72	0.61	2.16	0.92	3.69	0.65	2.29	0.97	3.91	0.22	5.86%	5.1250	5.4251
400w MV Cobra Head -SL2	154	1.02	4.62	1.05	6.69	1.08	4.89	1.11	7.08	0.39	5.86%	4.3442	4.5985
1000w MH Flood -SL3	405	8.42	12.15	5.17	25.74	8.91	12.86	5.47	27.25	1.51	5.86%	6.3556	6.7277
100w HPS Amer -SL3	41	4.55	1.23	2.89	8.67	4.82	1.30	3.06	9.18	0.51	5.86%	21.1463	22.3845
100w HPS Cobra Head- SL3	41	3.32	1.23	2.12	6.67	3.51	1.30	2.24	7.06	0.39	5.86%	16.2683	17.2208
150w HPS Acom -SL3	61	7.95	1.83	4.68	14.46	8.42	1.94	4.95	15.31	0.85	5.86%	23.7049	25.0929
150w HPS Amer Rev -SL3	61	4.44	1.83	3.26	9.53	4.70	1.94	3.45	10.09	0.56	5.86%	15.6230	16.5377
175w MH ALN 440 -SL3	71	16.97	2.13	1.30	20.40	17.96	2.25	1.38	21.59	1.19	5.86%	28.7324	30.4147
200w HPS Cobra Head -SL3	81	4.26	2.43	2.19	8.88	4.51	2.57	2.32	9.40	0.52	5.86%	10.9630	11.6049
250w HPS Cobra Head -SL3	101	4.08	3.03	3.00	10.11	4.32	3.21	3.18	10.70	0.59	5.86%	10.0099	10.5960
250w HPS Flood - SL3	101	7.00	3.03	4.10	14.13	7.41	3.21	4.34	14.96	0.83	5.86%	13.9901	14.8092
400w HPS Cobra Head -SL3	162	4.77	4.86	3.36	12.99	5.05	5.14	3.56	13.75	0.76	5.86%	8.0185	8.4880
400w MH Flood -SL3	162	7.31	4.86	8.82	20.99	7.74	5.14	9.34	22.22	1.23	5.86%	12.9568	13.7154
10' Alum Deco Base-SL3					11.31	11.97			11.97	0.66	5.86%	N/A	N/A
13' Deco Concrete - SL3					7.85	8.31			8.31	0.46	5.86%	N/A	N/A
18' Fiberglass Round-SL3					5.78	6.12			6.12	0.34	5.86%	N/A	N/A
20' Decorative Concrete-SL3					8.68	9.19			9.19	0.51	5.86%	N/A	N/A
30' Wood Pole Std - SL3					2.78	2.94			2.94	0.16	5.86%	N/A	N/A
35' Concrete Square-SL3					9.71	10.28			10.28	0.57	5.86%	N/A	N/A

Supporting Schedules: G-23

Recap Schedules:

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS
SCHEDULE B – RATE BASE SCHEDULES

AUGUST 2007

FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS

RATE BASE SCHEDULES

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a schedule of the 13-month average adjusted rate base for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule B-2.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Jim Mesite, Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.		(1) Plant in Service	(2)* Accumulated Provision for Depreciation and Amortization	(3) Net Plant in Service (1 - 2)	(4) CWMP - No AFUDC	(5) Plant Held For Future Use	(6) Nuclear Fuel - No AFUDC (Net)	(7) Net Utility Plant	(8) Working Capital Allowance	(9) Other Rate Base Items	(10) Total Rate Base
1	System Per Books (B-3)	72,376,983	(32,199,482)	40,177,500	1,461,603	-	-	41,639,104	(1,682,506)	-	39,956,598
2	Jurisdictional Factors	100%	100%	100%	100%	100%	100%		100%	100%	
3	Jurisdictional Per Books	72,376,983	(32,199,482)	40,177,500	1,461,603	-	-	41,639,104	(1,682,506)	-	39,956,598
4	Adjustments:										
5	Non-regulated Propane Operations	(67,783)	33,370	(34,413)	(7,343)	-	-	(41,756)		-	(41,756)
6	Eliminate Interest Bearing Cash Per 2003 Rate Case Proceeding								(24,312)		(24,312)
7	Eliminate 1/2 Deferred Rate Case Expense Per 2003 Rate Case Proceeding								(116,540)		(116,540)
8	Eliminate Fuel Under-Recovery Per 2003 Rate Case Proceeding								(1,716,749)		(1,716,749)
9											
10											
11											
12											
13	Total Adjustments	\$ (67,783)	\$ 33,370	\$ (34,413)	\$ (7,343)	\$ -	\$ -	\$ (41,756)	\$ (1,857,601)	\$ -	\$ (1,899,357)
14											
15	Adjusted Jurisdictional	\$ 72,309,200	\$ (32,166,112)	\$ 40,143,087	\$ 1,454,260	\$ -	\$ -	\$ 41,597,348	\$ (3,540,107)	\$ -	\$ 38,057,241
16											
17	* Includes Account 2520 - Customer Advances for Construction										

Supporting Schedules: B-2 (2006), B-3 (2006), B-7 (2006), B-9 (2006)

Recap Schedules: B-2 (2006)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of the 13-month average adjusted rate base for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule B-2.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Jim Mesite, Cheryl Martin

Line No.	(1) Plant in Service	(2)* Accumulated Provision for Depreciation and Amortization	(3) Net Plant in Service (1 - 2)	(4) CWMP - No AFUDC	(5) Plant Held For Future Use	(6) Nuclear Fuel - No AFUDC (Net)	(7) Net Utility Plant	(8) Working Capital Allowance	(9) Other Rate Base Items	(10) Total Rate Base
1	76,377,987	(34,507,142)	41,870,845	577,297	-	-	42,448,142	(1,174,182)	-	41,273,960
2	100%	100%	100%	100%	100%	100%		100%	100%	
3	76,377,987	(34,507,142)	41,870,845	577,297	-	-	42,448,142	(1,174,182)	-	41,273,960
4	<u>Adjustments:</u>									
5	(55,497)	23,723	(31,774)	(907)	-	-	(32,681)	-	-	(32,681)
6										
7										
8										
9										
10										
11										
12										
13	\$ (55,497)	\$ 23,723	\$ (31,774)	\$ (907)	\$ -	\$ -	\$ (32,681)	\$ -	\$ -	\$ (32,681)
14										
15	\$ 76,322,490	\$ (34,483,419)	\$ 41,839,071	\$ 576,390	\$ -	\$ -	\$ 42,415,461	\$ (1,174,182)	\$ -	\$ 41,241,279
16										
17	* Includes Account 2520 - Customer Advances for Construction									

Supporting Schedules: B-2 (2007), B-3 (2007), B-7 (2007), B-9 (2007)

Recap Schedules: B-2 (2007)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of the 13-month average adjusted rate base for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule B-2.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite, Cheryl Martin

Line No.		(1) Plant in Service	(2)* Accumulated Provision for Depreciation and Amortization	(3) Net Plant in Service (1 - 2)	(4) CWP - No AFUDC	(5) Plant Held For Future Use	(6) Nuclear Fuel - No AFUDC (Net)	(7) Net Utility Plant	(8) Working Capital Allowance	(9) Other Rate Base Items	(10) Total Rate Base
1	System Per Books (B-3)	81,494,977	(37,206,306)	44,288,671	75,000	-	-	44,363,671	(1,310,654)	-	43,053,017
2	Jurisdictional Factors	100%	100%	100%	100%	100%	100%	100%	100%	100%	
3	Jurisdictional Per Books	81,494,977	(37,206,306)	44,288,671	75,000	-	-	44,363,671	(1,310,654)	-	43,053,017
4	<u>Adjustments:</u>										
5	Non-regulated Propane Operations	(57,464)	25,443	(32,021)	-	-	-	(32,021)	-	-	(32,021)
6											
7											
8											
9											
10											
11											
12											
13	Total Adjustments	\$ (57,464)	\$ 25,443	\$ (32,021)	\$ -	\$ -	\$ -	\$ (32,021)	\$ -	\$ -	\$ (32,021)
14											
15	Adjusted Jurisdictional	\$ 81,437,513	\$ (37,180,863)	\$ 44,256,650	\$ 75,000	\$ -	\$ -	\$ 44,331,650	\$ (1,310,654)	\$ -	\$ 43,020,996
16											
17	* Includes Account 2520 - Customer Advances for Construction										

Supporting Schedules: B-2 (2008), B-3 (2008), B-7 (2008), B-9 (2008)

Recap Schedules: B-2 (2008)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

List and explain all proposed adjustments to the 13-month average rate base for the test year, the prior year and the most recent historical year. List the adjustments included in the last case that are not proposed in the current case and the reasons for excluding them.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Meske, Cheryl Martin

Line No.	Adjustment Title	Reason for Adjustment or Omission (provide supporting schedule)	(1) Adjustment Amount	(2) Jurisdictional Factor	(3) Jurisdictional Amount of Adjustment (1) x (2)
1	<u>PLANT</u>				
2	<u>Commission Adjustment:</u>				
3	Allocate Various Items of General	Non-Regulated Propane Operations at			
4	Plant Accounts to Propane; based	Fernandina Beach Location - Per			
5	on Customers and/or Square Footage	2003 Rate Case Proceeding			
6	Measurements	-			
7	(Accounts 3890, 3900, 3911, 3912,	-			
8	3913, and 391305)	-			
9	Plant-in-Service	-	(67,783)	100%	(67,783)
10	Reserve	-	33,370	100%	33,370
11	CWIP	-	(7,343)	100%	(7,343)
12	<u>Total</u>	-	<u>(41,756)</u>		<u>(41,756)</u>
13					
14					
15	<u>Company Adjustment:</u>				
16	None				
17					
18					
19					
20	<u>WORKING CAPITAL</u>				
21	<u>Commission Adjustment:</u>				
22	Eliminate Interest Bearing Cash	Per 2003 Rate Case Proceeding	(24,312)	100%	(24,312)
23	Eliminate 1/2 Deferred Rate Case Expense	Per 2003 Rate Case Proceeding	(116,540)	100%	(116,540)
24	Eliminate Fuel Under-Recovery	Per 2003 Rate Case Proceeding	(1,718,749)	100%	(1,718,749)
25			<u>(1,857,601)</u>		<u>(1,857,601)</u>
26	<u>Company Adjustment:</u>				
27	None				
28					
29					
30					
31					
32					
33					

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: List and explain all proposed adjustments to the 13-month average rate base for the test year, the prior year and the most recent historical year. List the adjustments included in the last case that are not proposed in the current case and the reasons for excluding them.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite, Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Adjustment Title	Reason for Adjustment or Omission (provide supporting schedule)	(1) Adjustment Amount	(2) Jurisdictional Factor	(3) Jurisdictional Amount of Adjustment (1) x (2)
1	<u>PLANT</u>				
2	<u>Commission Adjustment:</u>				
3	Allocate Various Items of General	Non-Regulated Propane Operation at			
4	Plant Accounts to Propane; based	Fernandina Beach Location			
5	on Customers and/or Square Footage	"			
6	Measurements	"			
7	(Accounts 3880, 3900, 3911, 3912,	"			
8	3913, and 391305)	"			
9	Plant-in-Service	"	(55,497)	100%	(55,497)
10	Reserve	"	23,723	100%	23,723
11	CWP	"	(907)	100%	(907)
12	<u>Total</u>	"	<u>(32,681)</u>		<u>(32,681)</u>
13					
14					
15	<u>Company Adjustment:</u>				
16	None				
17					
18					
19					
20	<u>WORKING CAPITAL</u>				
21	<u>Commission Adjustment:</u>				
22	None				
23					
24					
25					
26	<u>Company Adjustment:</u>				
27	None				
28					
29	Adjustments Included in Last Rate Case Not Included in Current Rate Case , And Reasons for Excluding		Adjustment		
30			Amount		
31	Adjustment:	Reason:	Not Included		
32	1860.1 - Elimination of 1/2 of Deferred Rate Case Costs	Elimination penalizes Company for legitimate costs incurred during the normal business cycle and on behalf of ratepayers.	(141,147)	100%	(141,147)
33	1860.21 - Fuel Under-recovery	Elimination penalizes Company for legitimate costs incurred during the normal business cycle. This account exists exclusively due to PSC Orders on the 0001 Fuel Docket, and other factors beyond company control.	(1,716,749)	100%	(1,716,749)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: List and explain all proposed adjustments to the 13-month average rate base for the test year, the prior year and the most recent historical year. List the adjustments included in the last case that are not proposed in the current case and the reasons for excluding them.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite, Cheryl Martin

Line No.	Adjustment Title	Reason for Adjustment or Omission (provide supporting schedule)	(1) Adjustment Amount	(2) Jurisdictional Factor	(3) Jurisdictional Amount of Adjustment (1) x (2)
1	<u>PLANT</u>				
2	<u>Commission Adjustment:</u>				
3	Allocate Various Items of General	Non-Regulated Propane Operation at			
4	Plant Accounts to Propane, based	Fernandina Beach Location			
5	on Customers and/or Square Footage				
6	Measurements				
7	(Accounts 3890, 3900, 3911, 3912,				
8	3913, and 391305)				
9	Plant-in-Service		(57,464)	100%	(57,464)
10	Reserve		25,443	100%	25,443
11	CWIP		-	100%	-
12	<u>Total</u>		<u>(32,021)</u>		<u>(32,021)</u>
13					
14					
15	<u>Company Adjustment:</u>				
16	None				
17					
18					
19					
20	<u>WORKING CAPITAL</u>				
21	<u>Commission Adjustment:</u>				
22	None				
23					
24					
25					
26	<u>Company Adjustment:</u>				
27	None				
28					
29	Adjustments Included in Last Rate Case Not Included in Current Rate Case . And Reasons for Excluding		Adjustment		
30	Adjustment:	Reason:	Amount		
31			Not Included		
32	1860.1 - Elimination of 1/2 of Deferred Rate Case Costs	Elimination penalizes Company for legitimate costs incurred during the normal businss cycle and on behalf of ratepayers.	(304,118)	100%	(304,118)
33	1860.21 - Fuel Under-recovery	Elimination penalizes Company for legitimate costs incurred during the normal businss cycle. This account exists exclusively due to PSC Orders on the 0001 Fuel Docket, and other factors beyond company control.	(1,143,377)	100%	(1,143,377)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Historical Year Ended 12/31/06
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-E1

Line No.	Account No.	Account Name	(1) Dec 2005	(2) Jan 2006	(3) Feb 2006	(4) Mar 2006	(5) Apr 2006	(6) May 2006	(7) Jun 2006	(8) Jul 2006	(9) Aug 2006	(10) Sep 2006	(11) Oct 2006	(12) Nov 2006	(13) Dec 2006	(14) 13 MONTH AVERAGE
1		ASSETS AND OTHER DEBITS														
2		UTILITY PLANT:														
3	1010	PLANT IN SERVICE	68,757,206	69,065,318	70,153,707	70,483,807	70,380,007	70,457,036	70,702,893	71,166,510	71,307,955	71,455,264	71,571,897	71,992,722	72,747,156	70,787,806
4	1070	CWIP	2,090,808	2,002,341	1,090,386	1,011,854	1,284,452	1,351,900	1,350,144	1,164,548	1,317,408	1,552,979	1,581,913	1,318,249	778,241	1,376,556
5	1080	PLANT RESERVE	(29,761,890)	(29,988,364)	(30,208,766)	(30,388,495)	(30,378,592)	(30,537,663)	(30,714,841)	(30,892,332)	(31,110,821)	(31,339,987)	(31,542,571)	(31,800,699)	(31,928,074)	(30,814,853)
6	1180	ALLOCATED COMMON PLANT IN SERVICE	1,626,095	1,634,228	1,649,179	1,640,573	1,572,565	1,568,430	1,576,285	1,579,263	1,579,263	1,579,285	1,582,628	1,532,764	1,538,742	1,589,177
7	1190	ALLOCATED COMMON PLANT RESERVE	(578,414)	(590,993)	(600,326)	(604,808)	(541,263)	(544,550)	(548,051)	(556,332)	(565,069)	(573,807)	(582,545)	(523,008)	(515,604)	(563,444)
8	1070	ALLOCATED COMMON CWIP	57,295	63,706	48,929	57,959	59,536	95,325	114,189	104,553	105,046	105,046	107,584	98,021	88,431	85,048
9																
10		OTHER PROPERTY AND INVESTMENTS														
11	1280.1	OTHER SPECIAL FUNDS	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
12																
13		CURRENT AND ACCRUED ASSETS:														
14	1310, 1340	CASH AND DEPOSITS	208,878	469,064	455,435	580,049	289,291	205,433	346,810	(27,368)	54,370	224,684	453,012	259,078	14,933	271,821
15	1340.1	SPECIAL DEPOSITS-ELECT	-	-	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	268,938
16	1350.1	WORKING FUNDS- PETTY	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
17	1350.10	WORKING FUNDS- PETTY	135	135	135	135	135	135	135	135	243	135	135	135	135	143
18	1420, 1430	ACCOUNTS RECEIVABLE-	3,668,372	3,679,978	3,627,054	2,993,283	3,169,088	3,114,897	3,578,500	4,127,565	3,707,383	3,955,657	3,189,329	2,756,950	3,203,486	3,443,965
19	1440	ALLOW. FOR UNCOLLAC	(29,335)	(26,756)	(26,972)	(28,208)	(31,486)	(32,171)	(36,083)	(40,005)	(28,456)	(31,743)	(35,253)	(30,205)	(69,678)	(34,335)
20	1540.1	MATERIALS & SUPPLIES	821,965	815,013	832,509	854,233	839,171	819,018	841,516	843,451	872,718	930,753	959,791	946,471	1,042,109	878,363
21	1630.3	STORES EXPENSE	-	-	-	-	-	-	-	-	(1,300)	-	(34,074)	(13,697)	-	(3,775)
22	1650.2, 5	PREPAID EXP - INSURANCE	233,568	212,271	190,972	169,681	148,385	127,088	90,540	52,993	258,746	234,476	280,258	257,743	235,228	191,688
23	1650.4	PREPAID EXP - OTHER	42,260	35,789	29,856	24,323	83,376	52,771	50,429	106,053	107,498	102,857	92,336	44,951	43,168	62,744
24	1650.41	PREPAID EXP.-MAINTENANCE	28,412	26,044	23,676	21,309	18,941	16,573	14,206	11,838	9,471	7,103	4,735	2,368	29,264	16,457
25	1730.1	UNBILLED REVENUES	415,764	325,115	322,495	326,217	340,571	455,075	532,192	526,607	618,265	472,305	392,234	431,787	424,137	429,443
26	1820.2	REG ASSET-RET PLANS	-	-	-	-	-	-	-	-	-	-	-	-	103,740	7,980
27	1840.7	CLEARING ACCOUNT-- REFUNDS	-	-	-	-	-	(73)	-	43	43	43	43	43	-	11
28	1850.1	TEMPORARY SERVICES	21,285	22,156	22,754	24,755	24,735	24,796	25,742	27,280	28,660	29,864	31,183	31,456	12,836	25,192
29																
30		DEFERRED DEBITS:														
31	1860.1	DEFERRED DEBITS - OTHER	31,491	31,082	30,675	64,476	63,468	62,460	61,450	60,442	59,710	58,426	57,418	56,410	48,400	52,762
32	1860.1	DEFERRED DEBITS - RATE CASE	275,458	268,395	261,332	254,269	247,206	240,143	233,080	226,017	218,954	211,891	204,828	197,765	190,702	233,080
33	1860.3	MISC DEF'D DR-UNDIST	-	7,667	8,853	18,632	22,149	32,850	-	3,718	15,742	19,456	22,644	31,302	-	14,078
34	1860.21	DEFERRED DEBITS - UNDERRECOVERY FUEL	1,611,846	1,493,295	1,691,503	1,557,183	1,557,272	1,826,006	2,005,274	1,870,954	1,900,595	1,766,275	1,631,955	1,697,897	1,707,678	1,716,749
35	1810, 1890	NET UNAMORTIZED DEBT DISCOUNT	685,959	687,356	675,400	670,410	674,098	675,126	689,127	688,408	684,220	673,921	657,285	665,930	666,281	676,425
36	1900	ACCUMULATED DEFERRED TAXES	997,076	977,628	990,452	999,831	1,011,900	1,020,732	1,030,005	1,039,398	1,037,289	1,030,952	1,031,516	1,024,085	1,048,453	1,018,409
37																
38		TOTAL ASSETS AND OTHER DEBITS:	51,215,434	51,221,667	51,598,274	51,060,503	51,164,040	51,360,373	52,272,578	52,412,775	52,506,968	52,794,871	51,987,316	51,307,554	51,738,800	51,741,627
39																

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Historical Year Ended 12/31/06
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
1		<u>ASSETS AND OTHER DEBITS</u>								
2		<u>UTILITY PLANT:</u>								
3	1010	PLANT IN SERVICE	RB	70,787,806	Direct	100%	70,787,806	(67,783)		70,720,023
4	1070	CWP	RB	1,376,556	Direct	100%	1,376,556	(7,343)		1,369,213
5	1080	PLANT RESERVE	RB	(30,814,853)	Direct	100%	(30,814,853)	33,370		(30,781,483)
6	1180	ALLOCATED COMMON PLANT IN SERVICE	RB	5,378,140	Plant/Customers	30% / 29%	1,589,177	-		1,589,177
7	1190	ALLOCATED COMMON PLANT RESERVE	RB	(1,925,391)	Plant/Customers	30% / 29%	(563,444)	-		(563,444)
8	1070	ALLOCATED COMMON CWP	RB	291,425	Plant/Customers	30% / 29%	85,048	-		85,048
9										
10		<u>OTHER PROPERTY AND INVESTMENTS</u>								
11	1280.1	OTHER SPECIAL FUNDS	RB, WC	10,000	Adjusted. Gross Profit	32%	3,200	-		3,200
12										
13		<u>CURRENT AND ACCRUED ASSETS.</u>								
14	1310, 1340	CASH AND DEPOSITS	RB, WC	849,440	Adjusted. Gross Profit	32%	271,821	(24,312)	Eliminate Interest Bearing Cash	247,509
15	1340.1	SPECIAL DEPOSITS-ELECT	RB, WC	268,938	Direct	100%	268,938	-		268,938
16	1350.1	WORKING FUNDS- PETTY	RB, WC	8,000	Direct	100%	8,000	-		8,000
17	1350.10	WORKING FUNDS- PETTY	RB, WC	531	Payroll	27%	143	-		143
18	1420, 1430	ACCOUNTS RECEIVABLE-	RB, WC	3,443,963	DIRECT	100%	3,443,963	-		3,443,963
19	1440	ALLOW. FOR UNCOLL.AC	RB, WC	(34,335)	Direct	100%	(34,335)	-		(34,335)
20	1540.1	MATERIALS & SUPPLIES	RB, WC	878,363	Direct	100%	878,363	-		878,363
21	1630.3	STORES EXPENSE	RB, WC	(3,775)	Direct	100%	(3,775)	-		(3,775)
22	1650.2, 5	PREPAID EXP - INSURANCE	RB, WC	599,027	Adjusted. Gross Profit	32%	191,688	-		191,688
23	1650.4	PREPAID EXP - OTHER	RB, WC	196,074	Adjusted. Gross Profit	32%	62,744	-		62,744
24	1650.41	PREPAID EXP.-MAINTENANCE	RB, WC	51,428	Adjusted. Gross Profit	32%	16,457	-		16,457
25	1730.1	UNBILLED REVENUES	RB, WC	429,443	Direct	100%	429,443	-		429,443
26	1820.2	REG ASSET-RET PLANS	RB, WC	29,556	Payroll	27%	7,980	-		7,980
27	1840.7	CLEARING ACCOUNT- REFUNDS	RB, WC	34	Adjusted. Gross Profit	32%	11	-		11
28	1850.1	TEMPORARY SERVICES	RB, WC	25,192	Direct	100%	25,192	-		25,192
29										
30		<u>DEFERRED DEBITS.</u>								
31	1860.1	DEFERRED DEBITS - OTHER	RB, WC	52,762	Direct	100%	52,762	-		52,762
32	1860.1	DEFERRED DEBITS - RATE CASE	RB, WC	233,080	Direct	100%	233,080	(116,540)	Eliminate 1/2 Rate Case Deferral	116,540
33	1860.3	MISC DEF'D DR-UNDIST	RB, WC	14,078	Direct	100%	14,078	-		14,078
34	1860.21	DEFERRED DEBITS - UNDERRECOVERY FUEL	RB, WC	1,716,749	Direct	100%	1,716,749	(1,716,749)	Eliminate Under-Recovery of Fuel	-
35	1810, 1890	NET UNAMORTIZED DEBT DISCOUNT	CS	2,056,762	Allocated Consolidated Equity	33%	676,425	(32,133)	Allocated Equity Adjustment	644,292
36	1900	ACCUMULATED DEFERRED TAXES	CS	1,018,408	Direct	100%	1,018,408	-		1,018,408
37										
38		<u>TOTAL ASSETS AND OTHER DEBITS.</u>					51,741,625	(1,931,490)		49,810,135
39										

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Historical Year Ended 12/31/06
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	13 MONTH AVERAGE
			Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006		
40		LIABILITIES AND OTHER															
41		<u>CREDITS</u>															
		<u>PROPRIETARY CAPITAL</u>															
42	2010.1	COMMON STOCK ISSUED	(3,037,817)	(3,044,007)	(2,991,059)	(2,968,959)	(2,985,289)	(2,989,845)	(3,051,850)	(3,048,664)	(3,030,118)	(2,984,505)	(2,910,835)	(2,949,116)	(2,950,673)	(2,995,595)	
43	2040.1	PREFERRED STOCK ISSUED-\$1	(195,988)	(196,388)	(192,972)	(191,546)	(192,599)	(192,893)	(196,894)	(196,688)	(195,491)	(192,549)	(187,796)	(190,266)	(190,366)	(193,264)	
44	2070.1	PREM ON CAPITAL STOCK	(1,796,558)	(1,800,219)	(1,768,906)	(1,755,836)	(1,765,494)	(1,768,188)	(1,804,858)	(1,802,973)	(1,792,005)	(1,765,030)	(1,721,461)	(1,744,101)	(1,745,021)	(1,771,588)	
45	2110.1	MISCELLANEOUS PAID IN CAPITAL - ALLOCATED	(326,647)	(327,313)	(321,619)	(319,243)	(320,999)	(321,489)	(328,156)	(327,813)	(325,819)	(320,915)	(312,993)	(317,109)	(317,277)	(322,107)	
46	2140.1	CAPITAL STOCK EXPENSE	130,659	130,925	128,648	127,697	128,400	128,595	131,262	131,125	130,328	128,366	125,197	126,844	126,911	128,843	
47	2160.1	UNAPPROPRIATED RETAINED EARNINGS	(10,746,685)	(10,768,583)	(10,581,272)	(10,503,091)	(10,560,862)	(10,576,977)	(10,796,330)	(10,785,059)	(10,719,449)	(10,558,088)	(10,297,469)	(10,432,896)	(10,438,401)	(10,587,320)	
48	2170.1	COMMON STOCK REACQUIRED	979,941	981,938	964,858	957,729	962,997	964,466	984,468	983,440	977,457	962,744	938,979	951,328	951,830	966,321	
49																	
50		<u>LONG TERM DEBT</u>															
51	2210.1	BONDS	(17,279,626)	(17,314,832)	(17,013,657)	(16,887,949)	(16,980,841)	(17,006,749)	(17,359,448)	(17,341,327)	(17,235,832)	(16,976,379)	(16,557,328)	(16,775,083)	(16,783,934)	(17,039,460)	
52																	
53		<u>OTHER NON-CURRENT LIABILITIES</u>															
54	2280.11	ELECTRIC STORM RESERVE	(1,506,886)	(1,516,003)	(1,526,138)	(1,536,273)	(1,546,408)	(1,556,543)	(1,562,801)	(1,572,936)	(1,583,071)	(1,588,954)	(1,599,089)	(1,609,224)	(1,636,118)	(1,564,650)	
55	2280.31	PENSIONS RESERVE	(194,759)	(233,459)	(269,009)	(306,134)	(343,259)	(380,384)	(417,509)	(454,634)	(399,959)	(451,139)	(480,389)	(509,639)	(814,231)	(404,193)	
56	2280.32	MEDICAL POST-RETIREMENT	(621,566)	(627,092)	(632,684)	(638,182)	(643,877)	(649,388)	(654,751)	(660,362)	(665,902)	(650,008)	(653,231)	(655,845)	(596,913)	(642,292)	
57	2280.34	401(K) ACCRUAL COMPANY SH	200	271	353	-	62	-	-	-	-	-	-	-	-	68	
58	2280.201	ACCRUED LIABILITY INS	(94,762)	(94,384)	(93,991)	(92,808)	(89,375)	(86,914)	(84,016)	(81,998)	(73,724)	(70,194)	(65,927)	(59,207)	(58,062)	(80,412)	
59																	

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Historical Year Ended 12/31/06
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
40		LIABILITIES AND OTHER CREDITS								
41		<u>PROPRIETARY CAPITAL</u>								
42	2010.1	COMMON STOCK ISSUED	CS	(9,241,725)	Allocated Consolidated Equity	32%	(2,995,595)	100,575	Allocated Equity Adjustment	(2,895,020)
43	2040.1	PREFERRED STOCK ISSUED-\$1	CS	(600,000)	Allocated Consolidated Equity	32%	(193,264)	5,311	Allocated Equity Adjustment	(187,953)
44	2070.1	PREM ON CAPITAL STOCK	CS	(5,472,569)	Allocated Consolidated Equity	32%	(1,771,588)	57,278	Allocated Equity Adjustment	(1,714,310)
45	2110.1	MISCELLANEOUS PAID IN CAPITAL - ALLOCATED	CS	(952,375)	Allocated Consolidated Equity	34%	(322,107)	23,770	Allocated Equity Adjustment	(298,337)
46	2140.1	CAPITAL STOCK EXPENSE	CS	428,441	Allocated Consolidated Equity	30%	128,843	5,368	Allocated Equity Adjustment	134,211
47	2160.1	UNAPPROPRIATED RETAINED EARNINGS	CS	(32,709,674)	Allocated Consolidated Equity	32%	(10,597,320)	350,841	Allocated Equity Adjustment	(10,246,479)
48	2170.1	COMMON STOCK REACQUIRED	CS	3,004,181	Allocated Consolidated Equity	32%	966,321	(25,245)	Allocated Equity Adjustment	941,076
49										
50		<u>LONG TERM DEBT</u>								
51	2210.1	BONDS	CS	(52,500,000)	Allocated Consolidated Equity	32%	(17,039,460)	593,556	Allocated Equity Adjustment	(16,445,904)
52										
53		<u>OTHER NON-CURRENT LIABILITIES</u>								
54	2280.11	ELECTRIC STORM RESERVE	RB, WC	(1,564,650)	DIRECT	100%	(1,564,650)	-		(1,564,650)
55	2280.31	PENSIONS RESERVE	RB, WC	(1,497,011)	Payroll	27%	(404,193)	-		(404,193)
56	2280.32	MEDICAL POST-RETIREMENT	RB, WC	(2,007,164)	Adj. Gross Profit	32%	(642,292)	-		(642,292)
57	2280.34	401(K) ACCRUAL COMPANY SH	RB, WC	253	Payroll	27%	68	-		68
58	2280.201	ACCRUED LIABILITY INS	RB, WC	(251,289)	Adj. Gross Profit	32%	(80,412)	-		(80,412)
59										

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Historical Year Ended 12/31/06
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(1) Dec 2005	(2) Jan 2006	(3) Feb 2006	(4) Mar 2006	(5) Apr 2006	(6) May 2006	(7) Jun 2006	(8) Jul 2006	(9) Aug 2006	(10) Sep 2006	(11) Oct 2006	(12) Nov 2006	(13) Dec 2006	(14) 13 MONTH AVERAGE
60		<u>CURRENT AND ACCRUED LIABILITIES</u>														
61	2310.1	NOTES PAYABLE	(1,077,935)	(1,080,131)	(1,061,343)	(1,053,502)	(1,059,296)	(1,060,913)	(1,082,915)	(1,081,784)	(1,075,203)	(1,059,018)	(1,032,877)	(1,046,461)	(1,047,013)	(1,062,953)
62	2320.	ACCOUNTS PAYABLE - FUEL	(2,437,949)	(2,316,675)	(2,829,932)	(2,183,772)	(2,243,795)	(2,634,160)	(2,808,393)	(2,996,631)	(3,024,777)	(2,520,776)	(2,312,588)	(2,142,845)	(2,341,685)	(2,522,614)
63	2320.	ACCOUNTS PAYABLE - NET OF GAS & FUEL	(1,232,780)	(900,632)	(790,012)	(948,218)	(815,693)	(572,806)	(818,506)	(709,693)	(990,466)	(915,748)	(1,055,386)	(780,181)	(914,573)	(880,361)
64	2320.	ACCOUNTS PAYABLE - OTHER	(194,985)	(187,372)	(203,350)	(208,167)	(172,179)	(250,972)	(272,383)	(231,635)	(119,449)	(161,535)	(194,559)	(232,529)	(287,359)	(208,960)
65	2350.1	CUSTOMER DEPOSITS	(2,075,368)	(2,082,190)	(2,098,737)	(2,107,316)	(2,114,464)	(2,119,052)	(2,114,509)	(2,126,739)	(2,132,502)	(2,132,453)	(2,156,869)	(2,194,168)	(2,322,227)	(2,136,661)
66	2360.1	TAXES ACCRUED - AD VALOREM	-	(44,215)	(88,429)	(132,645)	(176,859)	(221,074)	(265,289)	(309,504)	(353,719)	(397,933)	(442,148)	35,868	-	(184,304)
67	2360.2	TAXES ACCRUED - STATE GROSS RECEIPTS	(105,972)	(124,865)	(137,169)	(112,570)	(102,488)	(93,964)	(93,960)	(93,532)	(97,184)	(99,851)	(94,586)	(98,550)	(115,386)	(105,391)
68	2360.3	TAXES ACCRUED - FPSC ASSESSMENT	(58,751)	(17,076)	(33,687)	(49,165)	(60,276)	(69,993)	(78,664)	(8,019)	(15,861)	(23,900)	(31,796)	(39,545)	(50,691)	(41,340)
69	2360	TAXES ACCRUED - UNEMPLOYMENT AND FICA	(822)	(7,788)	(11,905)	(18,803)	(5,353)	7,024	(1,207)	(243)	(564)	(724)	(164)	(381)	(630)	(3,197)
70	2360	TAXES ACCRUED - INCOME TAX	(40,893)	(360,317)	(711,453)	(815,037)	(867,577)	(945,656)	(306,935)	(384,817)	(489,649)	(610,581)	(687,762)	(779,410)	(481,758)	(575,527)
71	2370	INTEREST ACCRUED - CUSTOMER DEPOSITS	(94,134)	(103,369)	(98,899)	(10,698)	(20,486)	(30,725)	(40,290)	(51,127)	(60,857)	(70,830)	(79,580)	(89,866)	(99,032)	(65,376)
72	2370	INTEREST ACCRUED - NOTES AND LOANS	(214,409)	(236,877)	(337,114)	(439,517)	(461,759)	(223,340)	(212,914)	(235,247)	(337,142)	(439,243)	(461,802)	(222,866)	(134,950)	(304,398)
73	2380	DIVIDENDS DECLARED - PREFERRED	(2,280)	-	-	-	-	-	-	-	-	-	-	-	(2,280)	(351)
74	2410	WITHHOLDING TAXES PAYABLE	-	294	24	(13,616)	(12,433)	21,268	-	-	-	-	-	-	-	(343)
75	2410	TAX COLLECTIONS PAYABLE	(258,514)	(282,421)	(280,114)	(268,596)	(245,307)	(269,136)	(313,420)	(335,874)	(312,065)	(336,588)	(286,244)	(239,204)	(268,716)	(284,323)
76	2420	EMPLOYEE FUND	54	(214)	(1,124)	(998)	(1,054)	(946)	(1,110)	(1,043)	(934)	(889)	(768)	(863)	(1,138)	(848)
77	2420	ACCRUED VACATION	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(290,452)	(323,504)	(292,994)
78	2420	PROFESSIONAL FEES & EXPENSES ACCRUED	(37,512)	(20,276)	(33,967)	(47,095)	(52,599)	(56,366)	(65,968)	(70,801)	(71,072)	(69,904)	(62,193)	(50,587)	(41,655)	(52,307)
79																
80		<u>DEFERRED CREDITS</u>														
81	2520	CUSTOMER ADVANCES FOR CONSTRUCTION	(688,489)	(686,661)	(681,206)	(705,290)	(707,647)	(734,167)	(920,912)	(943,869)	(955,292)	(945,524)	(900,611)	(904,922)	(900,810)	(821,185)
82	2530.1	OTHER DF CR-CASHIER	-	(6)	1	2	11	(20)	53	58	239	(27)	62	413	-	60
83	2530.21	OVER RECOVERY-FUEL	(1,152,894)	(1,204,101)	(1,108,026)	(1,112,490)	(1,016,415)	(920,340)	(824,265)	(798,533)	(702,458)	(1,015,467)	(1,037,614)	(941,539)	(845,464)	(975,354)
84	2530.61	OVER RECOVERY-CONSERVATION	(107,034)	(94,858)	(102,393)	(82,249)	(93,242)	(76,924)	(73,560)	(80,019)	(79,344)	(71,437)	(71,563)	(57,569)	(44,652)	(79,603)
85	2550.1	INVEST TAX CREDIT	(157,283)	(154,589)	(151,895)	(149,201)	(146,507)	(143,813)	(141,119)	(138,425)	(135,731)	(133,037)	(130,343)	(127,649)	(124,961)	(141,119)
86																
87		<u>ACCUMULATED DEFERRED INCOME TAXES</u>														
88	2820, 2821, 2830.	ACCUMULATED DEFERRED TAXES	(6,296,537)	(6,217,731)	(6,249,645)	(6,196,513)	(6,160,627)	(6,237,537)	(6,404,978)	(6,366,958)	(6,348,902)	(7,032,304)	(6,935,132)	(6,939,934)	(6,938,060)	(6,486,528)
89																
90		<u>TOTAL LIABILITIES AND OTHER CREDITS</u>	(51,215,433)	(51,221,668)	(51,598,275)	(51,060,503)	(51,164,041)	(51,360,373)	(52,272,579)	(52,412,776)	(52,506,969)	(52,794,872)	(51,987,317)	(51,307,554)	(51,738,799)	(51,741,628)
91		REFERENCE:														
92		RB = Rate Base, WC = Working Capital, CS = Capital Structure, ORP = Other Return Provided, NEU = Non-Electric Utility														

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Historical Year Ended 12/31/06
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
60		<u>CURRENT AND ACCRUED LIABILITIES</u>								
61	2310.1	NOTES PAYABLE	CS	(3,309,077)	Allocated Consolidated Equity	32%	(1,062,953)	26,367	Allocated Equity Adjustment	(1,036,586)
62	2320.	ACCOUNTS PAYABLE - FUEL	RB, WC	(2,522,614)	DIRECT	100%	(2,522,614)	-		(2,522,614)
63	2320.	ACCOUNTS PAYABLE - NET OF GAS & FUEL	RB, WC	(2,751,127)	Adj. Gross Profit	32%	(880,361)	-		(880,361)
64	2320.	ACCOUNTS PAYABLE - OTHER	RB, WC	(752,298)	Adjusted Gross Profit / Payroll	32% / 27%	(208,959)	-		(208,959)
65	2350.1	CUSTOMER DEPOSITS	CS	(2,136,661)	DIRECT	100%	(2,136,661)	-		(2,136,661)
66	2360.1	TAXES ACCRUED - AD VALOREM	RB, WC	(184,304)	DIRECT	100%	(184,304)	-		(184,304)
67	2360.2	TAXES ACCRUED - STATE GROSS RECEIPTS	RB, WC	(270,232)	REG GROSS PROFIT	39%	(105,390)	-		(105,390)
68	2360.3	TAXES ACCRUED - FPSC ASSESSMENT	RB, WC	(129,188)	Adj. Gross Profit	32%	(41,340)	-		(41,340)
69	2360	TAXES ACCRUED - UNEMPLOYMENT AND FICA	RB, WC	(11,840)	Payroll	27%	(3,197)	-		(3,197)
70	2360	TAXES ACCRUED - INCOME TAX	RB, WC	(1,798,521)	Adj. Gross Profit	32%	(575,526)	-		(575,526)
71	2370	INTEREST ACCRUED - CUSTOMER DEPOSITS	RB, WC	(65,376)	DIRECT	100%	(65,376)	-		(65,376)
72	2370	INTEREST ACCRUED - NOTES AND LOANS	RB, WC	(981,931)	Plant	31%	(304,399)	-		(304,399)
73	2380	DIVIDENDS DECLARED - PREFERRED	RB, WC	(1,096)	Adj. Gross Profit	32%	(351)	-		(351)
74	2410	WITHHOLDING TAXES PAYABLE	RB, WC	(1,272)	Payroll	27%	(343)	-		(343)
75	2410	TAX COLLECTIONS PAYABLE	RB, WC	(284,322)	DIRECT	100%	(284,322)	-		(284,322)
76	2420	EMPLOYEE FUND	RB, WC	(848)	DIRECT	100%	(848)	-		(848)
77	2420	ACCRUED VACATION	RB, WC	(1,085,164)	Payroll	27%	(292,994)	-		(292,994)
78	2420	PROFESSIONAL FEES & EXPENSES ACCRUED	RB, WC	(163,460)	Adj. Gross Profit	32%	(52,308)	-		(52,308)
79										-
80		<u>DEFERRED CREDITS</u>								
81	2520	CUSTOMER ADVANCES FOR CONSTRUCTION	RB	(821,185)	DIRECT	100%	(821,185)	-		(821,185)
82	2530.1	OTHER DF CR-CASHIER	RB, WC	60	DIRECT	100%	60	-		60
83	2530.21	OVER RECOVERY-FUEL	RB, WC	(975,354)	DIRECT	100%	(975,354)	-		(975,354)
84	2530.61	OVER RECOVERY-CONSERVATION	RB, WC	(79,603)	DIRECT	100%	(79,603)	-		(79,603)
85	2550.1	INVEST TAX CREDIT	CS	(141,119)	DIRECT	100%	(141,119)	-		(141,119)
86										
87		<u>ACCUMULATED DEFERRED INCOME TAXES</u>								
88	2820, 2821, 2830.	ACCUMULATED DEFERRED TAXES	CS	(6,486,527)	DIRECT	100%	(6,486,527)	793,669	DEF TAXES ON UNDERRECOVERIES \$646,009, DEF TAXES ON REG LIAB \$147,660	(5,692,858)
89										
90		<u>TOTAL LIABILITIES AND OTHER CREDITS</u>		(51,828,807)			(51,741,625)	1,931,490		(49,810,135)

91 REFERENCE:

92 RB = Rate Base; WC = Working Capital; CS =

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(1) Dec 2006	(2) Jan 2007	(3) Feb 2007	(4) Mar 2007	(5) Apr 2007	(6) May 2007	(7) Jun 2007	(8) Jul 2007	(9) Aug 2007	(10) Sep 2007	(11) Oct 2007	(12) Nov 2007	(13) Dec 2007	(14) 13 MONTH AVERAGE
1		ASSETS AND OTHER DEBITS														
2		UTILITY PLANT:														
3	1010	PLANT IN SERVICE	72,747,156	72,985,519	73,247,576	73,356,263	73,485,914	74,472,571	74,763,306	75,064,561	75,276,362	76,084,296	76,436,702	76,659,033	77,617,672	74,785,150
4	1070	CWIP	778,241	721,964	832,944	1,015,513	1,128,238	446,184	463,177	403,766	625,532	115,829	100,191	65,202	-	515,137
5	1080	PLANT RESERVE	(31,928,074)	(32,172,699)	(32,417,998)	(32,583,604)	(32,798,617)	(32,991,541)	(33,186,833)	(33,225,864)	(33,423,008)	(33,620,942)	(33,820,356)	(34,021,643)	(34,223,520)	(33,108,823)
6	1180	ALLOCATED COMMON PLANT IN SERVICE	1,478,869	1,479,138	1,479,371	1,515,182	1,528,636	1,570,238	1,585,435	1,596,744	1,620,942	1,648,540	1,706,310	1,744,774	1,752,693	1,592,837
7	1190	ALLOCATED COMMON PLANT RESERVE	(505,570)	(513,810)	(522,053)	(526,593)	(534,925)	(543,530)	(548,730)	(554,150)	(563,269)	(570,349)	(575,592)	(585,480)	(595,724)	(549,214)
8	1070	ALLOCATED COMMON CWIP	88,165	97,569	99,704	92,184	82,158	65,012	48,954	65,104	69,770	69,950	28,390	1,121	-	62,160
9																
10		OTHER PROPERTY AND INVESTMENTS														
11	1280.1	OTHER SPECIAL FUNDS	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
12																
13		CURRENT AND ACCRUED ASSETS														
14	1310	CASH	14,467	365,780	399,366	631,117	245,856	437,065	99,011	120,582	81,042	74,074	86,318	94,233	82,493	210,108
15	1340	SPECIAL DEPOSITS-ELECT	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836
16	1350.1	WORKING FUNDS- PETTY	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
17	1350.10	WORKING FUNDS- PETTY	125	125	125	125	125	125	125	125	125	125	125	125	125	125
18	1420, 1430	ACCOUNTS RECEIVABLE-	3,203,486	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,359,433	4,270,514
19	1440	ALLOW. FOR UNCOLLAC	(69,678)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	(35,527)
20	1540.1	MATERIALS & SUPPLIES	1,042,109	897,070	897,070	897,070	897,070	897,070	897,070	897,070	897,070	897,070	897,070	897,070	897,070	908,222
21	1630.3	STORES EXPENSE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	1650.2.5	PREPAID EXP - INSURANCE	227,877	206,066	184,255	168,906	164,541	113,709	80,050	45,588	294,590	260,431	274,889	252,739	230,589	192,633
23	1650.4	PREPAID EXP - OTHER	43,168	62,251	62,251	62,251	62,251	62,251	62,251	62,251	62,251	62,251	62,251	62,251	62,251	60,783
24	1650.41	PREPAID EXP.-MAINTENANCE	29,264	15,420	15,420	15,420	15,420	15,420	15,420	15,420	15,420	15,420	15,420	15,420	15,420	16,485
25	1730.1	UNBILLED REVENUES	424,137	445,703	445,703	445,703	445,703	445,703	445,703	445,703	445,703	445,703	445,703	445,703	445,703	444,044
26	1820.2	REG ASSET-RET PLANS	96,056	96,056	110,334	110,334	110,334	110,334	71,662	71,662	71,662	34,129	34,129	34,129	391,644	103,267
27	1840.7	CLEARING ACCOUNT- REFUNDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	1850.1	TEMPORARY SERVICES	12,836	27,150	27,150	27,150	27,150	27,150	27,150	27,150	27,150	27,150	27,150	27,150	27,150	26,049
29																
30		DEFERRED DEBITS														
31	1860.1	DEFERRED DEBITS - OTHER	48,400	48,537	48,675	48,813	48,951	49,090	49,229	49,368	49,508	49,648	49,789	49,930	50,071	49,231
32	1860.1	DEFERRED DEBITS - RATE CASE	190,702	183,639	176,576	169,513	162,450	155,387	210,524	265,661	320,798	375,935	431,072	486,209	541,346	282,293
33	1860.3	MISC DEF'D DR-UNDIST	-	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	14,557
34	1860.21	DEFERRED DEBITS - UNDER REC FUEL	862,214	1,022,405	1,081,495	1,009,727	938,778	1,195,705	1,430,136	1,419,454	1,511,817	1,289,432	1,009,159	811,214	1,143,377	1,132,686
35	1810, 1890	NET UNAMORTIZED DEBT DISCOUNT	617,270	626,138	631,972	638,649	620,260	623,921	616,559	618,354	627,663	630,167	636,382	637,347	644,523	628,400
36	1900	ACCUMULATED DEFERRED TAXES	1,048,453	1,056,992	1,054,958	1,062,642	1,191,364	1,184,411	1,175,849	1,170,658	1,160,356	1,157,897	1,157,750	1,158,210	1,167,843	1,134,414
37																
38		TOTAL ASSETS AND OTHER DEBITS	50,778,609	52,332,498	52,526,379	52,827,850	52,493,142	53,007,760	52,977,533	53,230,692	53,842,969	53,718,241	53,674,337	53,506,222	54,922,211	53,064,497
39																

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
1		<u>ASSETS AND OTHER DEBITS</u>								
2		<u>UTILITY PLANT</u>								
3	1010	PLANT IN SERVICE	RB	74,785,150	DIRECT	100%	74,785,150	(55,497)	Allocated Non-Reg. Plant	74,729,653
4	1070	CWIP	RB	515,137	Direct	100%	515,137	(907)	Allocated Non-Reg. CWIP	514,230
5	1080	PLANT RESERVE	RB	(33,108,823)	Direct	100%	(33,108,823)	23,723	Allocated Non-Reg.	(33,085,100)
6	1180	ALLOCATED COMMON PLANT IN SERVICE	RB	5,599,290	Plant / Customers	28% / 29%	1,592,837	-	-	1,592,837
7	1190	ALLOCATED COMMON PLANT RESERVE	RB	(1,912,461)	Plant / Customers	28% / 29%	(549,214)	-	-	(549,214)
8	1070	ALLOCATED COMMON CWIP	RB	215,617	Plant / Customers	28% / 29%	62,160	-	-	62,160
9										
10		<u>OTHER PROPERTY AND INVESTMENTS</u>								
11	1280.1	OTHER SPECIAL FUNDS	RB, WC	10,000	Adjusted, Gross Profit	31%	3,100	-	-	3,100
12										
13		<u>CURRENT AND ACCRUED ASSETS</u>								
14	1310	CASH	RB, WC	677,768	Adjusted, Gross Profit	31%	210,108	-	-	210,108
15	1340	SPECIAL DEPOSITS-ELECT	RB, WC	317,836	Direct	100%	317,836	-	-	317,836
16	1350.1	WORKING FUNDS- PETTY	RB, WC	8,000	Direct	100%	8,000	-	-	8,000
17	1350.10	WORKING FUNDS- PETTY	RB, WC	500	Payroll	25%	125	-	-	125
18	1420, 1430	ACCOUNTS RECEIVABLE- ALLOW. FOR UNCOLL.AC	RB, WC	4,270,514	Direct	100%	4,270,514	-	-	4,270,514
19	1440	ALLOW. FOR UNCOLL.AC	RB, WC	(35,502)	Direct	100%	(35,502)	-	-	(35,502)
20	1540.1	MATERIALS & SUPPLIES	RB, WC	908,227	Direct	100%	908,227	-	-	908,227
21	1630.3	STORES EXPENSE	RB, WC	-	Direct	100%	-	-	-	-
22	1650.2, 5	PREPAID EXP - INSURANCE	RB, WC	621,397	Adjusted, Gross Profit	31%	192,633	-	-	192,633
23	1650.4	PREPAID EXP - OTHER	RB, WC	196,074	Adjusted, Gross Profit	31%	60,783	-	-	60,783
24	1650.41	PREPAID EXP -MAINTENANCE	RB, WC	53,177	Adjusted, Gross Profit	31%	16,485	-	-	16,485
25	1730.1	UNBILLED REVENUES	RB, WC	444,044	Direct	100%	444,044	-	-	444,044
26	1820.2	REG ASSET-RET PLANS	RB, WC	413,066	Payroll	25%	103,267	-	-	103,267
27	1840.7	CLEARING ACCOUNT- REFUNDS	RB, WC	-	Adjusted, Gross Profit	31%	-	-	-	-
28	1850.1	TEMPORARY SERVICES	RB, WC	26,049	Direct	100%	26,049	-	-	26,049
29										
30		<u>DEFERRED DEBITS</u>								
31	1860.1	DEFERRED DEBITS - OTHER	RB, WC	49,231	Direct	100%	49,231	-	-	49,231
32	1860.1	DEFERRED DEBITS - RATE CASE	RB, WC	282,293	Direct	100%	282,293	-	-	282,293
33	1860.3	MISC DEF'D DR-UNDIST	RB, WC	14,557	Direct	100%	14,557	-	-	14,557
34	1860.21	DEFERRED DEBITS - UNDER REC FUEL	RB, WC	1,132,686	Direct	100%	1,132,686	-	-	1,132,686
35	1810, 1890	NET UNAMORTIZED DEBT DISCOUNT	CS	1,956,157	Allocated Consolidated Equity	32%	628,400	(11,414)	Allocated Equity Adjustment	616,986
36	1900	ACCUMULATED DEFERRED TAXES	CS	1,134,414	Direct	100%	1,134,414	-	-	1,134,414
37										
38		<u>TOTAL ASSETS AND OTHER DEBITS</u>					53,064,497	(44,095)		53,020,402
39										

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-E1

Line No.	Account No.	Account Name	(1) Dec 2006	(2) Jan 2007	(3) Feb 2007	(4) Mar 2007	(5) Apr 2007	(6) May 2007	(7) Jun 2007	(8) Jul 2007	(9) Aug 2007	(10) Sep 2007	(11) Oct 2007	(12) Nov 2007	(13) Dec 2007	(14) 13 MONTH AVERAGE
40		LIABILITIES AND OTHER CREDITS														
41		<u>PROPRIETARY CAPITAL</u>														
42	2010.1	COMMON STOCK ISSUED	(2,858,936)	(2,900,006)	(2,927,029)	(2,957,951)	(2,872,785)	(2,889,737)	(2,855,642)	(2,863,957)	(2,907,070)	(2,918,670)	(2,947,453)	(2,951,925)	(2,985,161)	(2,910,486)
43	2040.1	PREFERRED STOCK ISSUED-\$1	(194,927)	(197,728)	(199,570)	(201,679)	(195,872)	(197,028)	(194,703)	(195,270)	(198,209)	(199,000)	(200,963)	(201,268)	(203,534)	(198,442)
44	2070.1	PREM ON CAPITAL STOCK	(1,721,859)	(1,746,595)	(1,762,870)	(1,781,493)	(1,730,200)	(1,740,410)	(1,719,876)	(1,724,883)	(1,750,849)	(1,757,835)	(1,775,171)	(1,777,864)	(1,797,881)	(1,752,907)
45	2110.1	MISCELLANEOUS PAID IN CAPITAL - ALLOCATED	(259,903)	(263,637)	(266,094)	(268,905)	(261,162)	(262,703)	(259,604)	(260,360)	(264,279)	(265,334)	(267,950)	(268,357)	(271,378)	(264,590)
46	2140.1	CAPITAL STOCK EXPENSE	129,952	131,818	133,047	134,452	130,581	131,352	129,802	130,180	132,140	132,667	133,975	134,178	135,689	132,295
47	2160.1	UNAPPROPRIATED RETAINED EARNINGS	(10,915,937)	(11,072,750)	(11,175,931)	(11,293,996)	(10,968,814)	(11,033,544)	(10,903,362)	(10,935,108)	(11,099,723)	(11,144,010)	(11,253,913)	(11,270,984)	(11,397,888)	(11,112,766)
48	2170.1	COMMON STOCK REACQUIRED	779,710	790,911	798,281	806,714	783,487	788,110	778,812	781,079	792,837	796,001	803,851	805,070	814,135	793,769
49																
50		<u>LONG TERM DEBT</u>														
51	2210.1	BONDS	(16,276,444)	(16,510,263)	(16,664,110)	(16,840,155)	(16,355,286)	(16,451,800)	(16,257,691)	(16,305,028)	(16,550,478)	(16,616,517)	(16,780,387)	(16,805,846)	(16,995,066)	(16,569,931)
52																
53		<u>OTHER NON-CURRENT LIABILITIES</u>														
54	2280.11	ELECTRIC STORM RESERVE	(1,636,118)	(1,646,252)	(1,656,387)	(1,666,522)	(1,676,657)	(1,686,792)	(1,696,927)	(1,707,062)	(1,717,197)	(1,677,332)	(1,687,467)	(1,697,602)	(1,707,737)	(1,681,542)
55	2280.31	PENSIONS RESERVE	(753,918)	(777,876)	(801,835)	(813,473)	(848,682)	(883,890)	(873,029)	(908,237)	(943,445)	(932,584)	(967,792)	(1,003,001)	(1,482,905)	(922,359)
56	2280.32	MEDICAL POST-RETIREMENT	(578,260)	(580,701)	(584,204)	(588,397)	(592,061)	(595,535)	(591,387)	(590,813)	(590,239)	(587,879)	(587,305)	(586,731)	(596,554)	(588,466)
57	2280.34	401(K) ACCRUAL COMPANY SH	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	2280.201	ACCRUED LIABILITY INS	(56,247)	(52,431)	(42,680)	(34,144)	(34,587)	(29,166)	(31,934)	(34,701)	(37,469)	(40,237)	(43,004)	(45,772)	(48,540)	(40,839)
59																

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
40		LIABILITIES AND OTHER CREDITS								
41		<u>PROPRIETARY CAPITAL</u>								
42	2010.1	COMMON STOCK ISSUED	CS	(9,262,770)	Allocated Consolidated Equity	31%	(2,910,486)	(11,059)	Allocated Equity Adjustment	(2,921,545)
43	2040.1	PREFERRED STOCK ISSUED-\$1	CS	(600,000)	Allocated Consolidated Equity	33%	(198,442)	9,198	Allocated Equity Adjustment	(189,244)
44	2070.1	PREM ON CAPITAL STOCK	CS	(5,523,948)	Allocated Consolidated Equity	32%	(1,752,907)	10,614	Allocated Equity Adjustment	(1,742,293)
45	2110.1	MISCELLANEOUS PAID IN CAPITAL - ALLOCATED	CS	(818,884)	Allocated Consolidated Equity	32%	(264,590)	6,308	Allocated Equity Adjustment	(258,282)
46	2140.1	CAPITAL STOCK EXPENSE	CS	428,441	Allocated Consolidated Equity	31%	132,295	2,838	Allocated Equity Adjustment	135,133
47	2160.1	UNAPPROPRIATED RETAINED EARNINGS	CS	(35,170,162)	Allocated Consolidated Equity	32%	(11,112,766)	19,842	Allocated Equity Adjustment	(11,092,924)
48	2170.1	COMMON STOCK REACQUIRED	CS	2,464,286	Allocated Consolidated Equity	32%	793,769	(16,515)	Allocated Equity Adjustment	777,254
49										
50		<u>LONG TERM DEBT</u>								
51	2210.1	BONDS	CS	(52,500,000)	Allocated Consolidated Equity	31%	(16,569,931)	11,050	Allocated Equity Adjustment	(16,558,881)
52										
53		<u>OTHER NON-CURRENT LIABILITIES</u>								
54	2280.11	ELECTRIC STORM RESERVE	RB, WC	(1,681,542)	DIRECT	100%	(1,681,542)	-	-	(1,681,542)
55	2280.31	PENSIONS RESERVE	RB, WC	(3,689,436)	Payroll	25%	(922,359)	-	-	(922,359)
56	2280.32	MEDICAL POST-RETIREMENT	RB, WC	(1,898,279)	Adj. Gross Profit	31%	(588,466)	-	-	(588,466)
57	2280.34	401(K) ACCRUAL COMPANY SH	RB, WC	-	Payroll	25%	-	-	-	-
58	2280.201	ACCRUED LIABILITY INS	RB, WC	(131,740)	Adj. Gross Profit	31%	(40,839)	-	-	(40,839)
59										

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	13 MONTH AVERAGE
			Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007		
60		<u>CURRENT AND ACCRUED LIABILITIES</u>															
61	2310.1	NOTES PAYABLE	(1,786,835)	(1,812,504)	(1,829,393)	(1,848,720)	(1,795,490)	(1,806,086)	(1,784,777)	(1,789,973)	(1,816,919)	(1,824,169)	(1,842,158)	(1,844,953)	(1,865,726)	(1,819,054)	
62	2320.	ACCOUNTS PAYABLE - FUEL	(2,341,685)	(3,111,584)	(3,008,291)	(2,691,590)	(2,628,658)	(2,916,641)	(3,247,557)	(3,317,519)	(3,371,012)	(3,040,509)	(2,613,415)	(2,351,601)	(2,881,858)	(2,886,302)	
63	2320.	ACCOUNTS PAYABLE - NET OF GAS & FUEL	(914,573)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(879,119)	(881,846)	
64	2320.	ACCOUNTS PAYABLE - OTHER	(287,359)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(210,123)	(216,064)	
65	2350.1	CUSTOMER DEPOSITS	(2,322,227)	(2,320,879)	(2,335,632)	(2,642,123)	(2,661,468)	(2,680,956)	(2,700,586)	(2,720,360)	(2,740,278)	(2,760,343)	(2,780,554)	(2,800,914)	(2,821,422)	(2,637,519)	
66	2360.1	TAXES ACCRUED - AD VALOREM	-	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(206,451)	(190,570)	
67	2360.2	TAXES ACCRUED - STATE GROSS RECEIPTS	(115,386)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(105,413)	(106,180)	
68	2360.3	TAXES ACCRUED - FPSC ASSESSMENT	(50,691)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(40,637)	(41,410)	
69	2360	TAXES ACCRUED - UNEMPLOYMENT AND FICA	(630)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,264)	(3,061)	
70	2360	TAXES ACCRUED - INCOME TAX	(481,758)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(584,393)	(576,498)	
71	2370	INTEREST ACCRUED - CUSTOMER DEPOSITS	(99,032)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(63,422)	(66,161)	
72	2370	INTEREST ACCRUED - NOTES AND LOANS	(134,950)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(329,732)	(314,748)	
73	2380	DIVIDENDS DECLARED - PREFERRED	(2,280)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(340)	
74	2410	WITHHOLDING TAXES PAYABLE	-	(356)	(356)	(356)	(356)	(356)	(356)	(356)	(356)	(356)	(356)	(356)	(356)	(329)	
75	2410	TAX COLLECTIONS PAYABLE	(268,716)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(296,095)	(293,989)	
76	2420	EMPLOYEE FUND	(1,138)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(877)	
77	2420	ACCRUED VACATION	(323,504)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(286,925)	(289,739)	
78	2420	PROFESSIONAL FEES & EXPENSES ACCRUED	(41,655)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(52,631)	(51,787)	
79																	
80		<u>DEFERRED CREDITS</u>															
81	2520	CUSTOMER ADVANCES FOR CONSTRUCTION	(900,810)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(844,796)	(849,105)	
82	2530.1	OTHER DF CR-CASHIER	-	67	67	67	67	67	67	67	67	67	67	67	67	62	
83	2530.21	OVER RECOVERY-FUEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
84	2530.61	OVER RECOVERY-CONSERVATION	(44,652)	(56,853)	(68,596)	(60,011)	(19,772)	(10,158)	(9,418)	(11,605)	(13,813)	(16,015)	(13,521)	(6,772)	(1,257)	(25,573)	
85	2550.1	INVEST TAX CREDIT	(124,971)	(122,499)	(120,037)	(117,575)	(115,113)	(112,651)	(110,189)	(107,727)	(105,265)	(102,803)	(100,341)	(97,879)	(95,417)	(110,190)	
86																	
87		<u>ACCUMULATED DEFERRED INCOME TAXES</u>															
88	2820, 2821, 2830.	ACCUMULATED DEFERRED TAXES	(6,192,870)	(6,178,346)	(6,110,725)	(6,057,959)	(6,746,280)	(6,725,802)	(6,745,142)	(6,765,025)	(6,757,378)	(6,859,349)	(6,846,446)	(6,829,678)	(6,815,388)	(6,586,953)	
89																	
90		<u>TOTAL LIABILITIES AND OTHER CREDITS</u>	(50,778,609)	(52,332,498)	(52,526,379)	(52,827,850)	(52,493,142)	(53,007,760)	(52,977,533)	(53,230,692)	(53,842,969)	(53,718,241)	(53,674,337)	(53,506,222)	(54,922,211)	(53,064,497)	
91		REFERENCE:															
92		RB = Rate Base; WC = Working Capital; CS = Capital Structure; ORP = Other Return Provided; NEU = Non-Electric Utility															

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
60		<u>CURRENT AND ACCRUED LIABILITIES</u>								
61	2310.1	NOTES PAYABLE	CS	(5,729,846)	Allocated Consolidated Equity	32%	(1,819,054)	11,819	Allocated Equity Adjustment	(1,807,235)
62	2320.	ACCOUNTS PAYABLE - FUEL	RB, WC	(2,886,302)	DIRECT	100%	(2,886,302)	-	-	(2,886,302)
63	2320.	ACCOUNTS PAYABLE - NET OF GAS & FUEL	RB, WC	(2,844,665)	Adj. Gross Profit	31%	(881,846)	-	-	(881,846)
64	2320.	ACCOUNTS PAYABLE - OTHER	RB, WC	(777,876)	Adjusted Gross Profit / Payroll	31% / 25%	(216,064)	-	-	(216,064)
65	2350.1	CUSTOMER DEPOSITS	CS	(2,637,519)	DIRECT	100%	(2,637,519)	-	-	(2,637,519)
66	2360.1	TAXES ACCRUED - AD VALOREM	RB, WC	(190,570)	DIRECT	100%	(190,570)	-	-	(190,570)
67	2360.2	TAXES ACCRUED - STATE GROSS RECEIPTS	RB, WC	(279,420)	REG GROSS PROFIT	38%	(106,180)	-	-	(106,180)
68	2360.3	TAXES ACCRUED - FPSC ASSESSMENT	RB, WC	(133,580)	Adj. Gross Profit	31%	(41,410)	-	-	(41,410)
69	2360	TAXES ACCRUED - UNEMPLOYMENT AND FICA	RB, WC	(12,243)	Payroll	25%	(3,061)	-	-	(3,061)
70	2360	TAXES ACCRUED - INCOME TAX	RB, WC	(1,859,671)	Adj. Gross Profit	31%	(576,498)	-	-	(576,498)
71	2370	INTEREST ACCRUED- CUS	RB, WC	(66,161)	DIRECT	100%	(66,161)	-	-	(66,161)
72	2370	INTEREST ACCRUED-NOTES AND LOANS	RB, WC	(1,015,317)	Plant	31%	(314,748)	-	-	(314,748)
73	2380	DIVIDENDS DECLARED - PREFERRED	RB, WC	(1,096)	Adj. Gross Profit	31%	(340)	-	-	(340)
74	2410	WITHHOLDING TAXES PAYABLE	RB, WC	(1,315)	Payroll	25%	(329)	-	-	(329)
75	2410	TAX COLLECTIONS PAYABLE	RB, WC	(293,989)	DIRECT	100%	(293,989)	-	-	(293,989)
76	2420	EMPLOYEE FUND	RB, WC	(877)	DIRECT	100%	(877)	-	-	(877)
77	2420	ACCRUED VACATION	RB, WC	(1,158,955)	Payroll	25%	(289,739)	-	-	(289,739)
78	2420	PROFESSIONAL FEES & EXPENSES ACCRUED	RB, WC	(167,056)	Adj. Gross Profit	31%	(51,787)	-	-	(51,787)
79										
80		<u>DEFERRED CREDITS,</u>								
81	2520	CUSTOMER ADVANCES FOR CONSTRUCTION	RB	(849,105)	DIRECT	100%	(849,105)	-	-	(849,105)
82	2530.1	OTHER DF CR-CASHIER	RB, WC	62	DIRECT	100%	62	-	-	62
83	2530.21	OVER RECOVERY-FUEL	RB, WC	-	DIRECT	100%	-	-	-	-
84	2530.61	OVER RECOVERY- CONSERVATION	RB, WC	(25,573)	DIRECT	100%	(25,573)	-	-	(25,573)
85	2550.1	INVEST TAX CREDIT	CS	(110,190)	DIRECT	100%	(110,190)	-	-	(110,190)
86										
87		<u>ACCUMULATED DEFERRED INCOME TAXES,</u>								
88	2820, 2821, 2830.	ACCUMULATED DEFERRED TAXES	CS	(6,586,953)	DIRECT	100%	(6,586,953)	-	-	(6,586,953)
89										
90		<u>TOTAL LIABILITIES AND OTHER CREDITS</u>		(53,315,986)			(53,064,497)	44,095		(53,020,402)

91 REFERENCE:

92 RB = Rate Base; WC = Working Capital. CS =

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(1) Dec 2007	(2) Jan 2008	(3) Feb 2008	(4) Mar 2008	(5) Apr 2008	(6) May 2008	(7) Jun 2008	(8) Jul 2008	(9) Aug 2008	(10) Sep 2008	(11) Oct 2008	(12) Nov 2008	(13) Dec 2008	(14) 13 MONTH AVERAGE
1		ASSETS AND OTHER DEBITS														
2		UTILITY PLANT:														
3	1010	PLANT IN SERVICE	77,617,672	77,912,775	78,233,878	78,437,981	78,877,584	79,365,387	79,843,490	80,117,593	80,376,296	80,556,497	80,832,698	81,394,899	81,773,800	79,641,581
4	1070	CWMP	-	30,000	110,000	280,000	290,000	190,000	-	50,000	-	25,000	-	-	-	75,000
5	1080	PLANT RESERVE	(34,386,151)	(34,596,347)	(34,808,043)	(35,021,593)	(35,235,812)	(35,451,589)	(35,650,360)	(35,868,741)	(36,088,539)	(36,309,124)	(36,530,160)	(36,751,938)	(36,975,949)	(35,667,257)
6	1180	ALLOCATED COMMON PLANT IN SERVICE	1,752,693	1,774,393	1,793,888	1,808,223	1,834,633	1,842,413	1,867,348	1,874,878	1,892,128	1,895,003	1,918,178	1,918,738	1,921,638	1,853,396
7	1190	ALLOCATED COMMON PLANT RESERVE	(595,724)	(606,048)	(616,419)	(626,954)	(637,620)	(648,506)	(659,466)	(670,512)	(681,626)	(682,898)	(704,196)	(715,713)	(727,233)	(660,224)
8	1070	ALLOCATED COMMON CWMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9		OTHER PROPERTY AND INVESTMENTS														
11	1280.1	OTHER SPECIAL FUNDS	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
12		CURRENT AND ACCRUED ASSETS														
14	1310	CASH	82,493	74,863	54,531	77,975	74,595	45,237	94,370	91,442	59,928	71,149	74,659	60,505	57,063	70,678
15	1340	SPECIAL DEPOSITS-ELECT	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836	317,836
16	1350.1	WORKING FUNDS- PETTY	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
17	1350.10	WORKING FUNDS- PETTY	125	125	125	125	125	125	125	125	125	125	125	125	125	125
18	1420, 1430	ACCOUNTS RECEIVABLE-ALLOW. FOR UNCOLLAC	3,561,058	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,165,908	5,042,458
19	1440		(35,502)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,849)	(36,745)
20	1540.1	MATERIALS & SUPPLIES	908,227	942,664	942,664	942,664	942,664	942,664	942,664	942,664	942,664	942,664	942,664	942,664	942,664	940,015
21	1630.3	STORES EXPENSE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	1650.2, 5	PREPAID EXP - INSURANCE	230,589	208,416	186,383	170,613	149,510	114,706	80,800	45,927	303,552	268,646	282,357	259,459	236,562	195,194
23	1650.4	PREPAID EXP - OTHER	62,251	62,965	62,965	62,965	62,965	62,965	62,965	62,965	62,965	62,965	62,965	62,965	62,965	62,910
24	1650.41	PREPAID EXP.- MAINTENANCE	15,420	17,199	17,199	17,199	17,199	17,199	17,199	17,199	17,199	17,199	17,199	17,199	17,199	17,062
25	1730.1	UNBILLED REVENUES	445,703	556,952	556,952	556,952	556,952	556,952	556,952	556,952	556,952	556,952	556,952	556,952	556,952	548,394
26	1820.2	REG ASSET-RET PLANS	532,635	532,635	532,635	491,143	491,143	491,143	449,650	449,650	449,650	408,157	408,157	408,157	207,264	450,155
27	1840.7	CLEARING ACCOUNT-REFUNDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	1850.1	TEMPORARY SERVICES	27,150	26,945	26,945	26,945	26,945	26,945	26,945	26,945	26,945	26,945	26,945	26,945	26,945	26,961
29		DEFERRED DEBITS														
31	1860.1	DEFERRED DEBITS - OTHER	50,071	51,028	51,028	51,028	51,028	51,028	51,028	51,028	51,028	51,028	51,028	51,028	51,028	50,954
32	1860.1	DEFERRED DEBITS - RATE CASE	541,346	588,379	635,412	682,445	667,278	652,111	636,944	621,777	606,610	591,443	576,276	561,109	545,942	608,236
33	1860.3	MISC DEF'D DR-UNDIST	15,770	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,066
34	1860.21	DEFERRED DEBITS - UNDER REC FUEL	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377	1,143,377
35	1810, 1890	NET UNAMORTIZED DEBT DISCOUNT	529,769	544,812	541,507	548,653	551,106	544,894	538,085	535,714	536,757	539,972	547,869	556,020	545,102	543,097
36	1900	ACCUMULATED DEFERRED TAXES	1,167,843	1,144,089	1,256,804	1,256,991	1,256,722	1,256,484	1,256,270	1,256,401	1,253,370	1,252,493	1,251,737	1,249,486	1,253,227	1,239,378
37		TOTAL ASSETS AND OTHER DEBITS	53,995,751	55,882,224	56,194,833	56,379,734	56,593,396	56,676,537	56,731,388	56,778,386	56,882,383	56,880,595	56,931,832	57,214,979	57,111,673	56,488,747

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(18) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
1		<u>ASSETS AND OTHER DEBITS</u>								
2		<u>UTILITY PLANT:</u>								
3	1010	PLANT IN SERVICE	RB	79,641,581	DIRECT	100%	79,641,581	(57,464)	Allocated Non-Reg. Plant	79,584,117
4	1070	CWMP	RB	75,000	Direct	100%	75,000	-	Allocated Non-Reg.	75,000
5	1080	PLANT RESERVE	RB	(35,667,257)	Direct	100%	(35,667,257)	25,443	Allocated Non-Reg.	(35,641,814)
6	1180	ALLOCATED COMMON PLANT IN SERVICE	RB	6,507,169	Plant / Customers	28% / 29%	1,853,396	-	-	1,853,396
7	1190	ALLOCATED COMMON PLANT RESERVE	RB	(2,288,092)	Plant / Customers	28% / 29%	(660,224)	-	-	(660,224)
8	1070	ALLOCATED COMMON CWMP	RB	-	Plant / Customers	28% / 29%	-	-	-	-
9										
10		<u>OTHER PROPERTY AND INVESTMENTS</u>								
11	1280.1	OTHER SPECIAL FUNDS	RB, WC	10,000	Adjusted, Gross Profit	31%	3,100	-	-	3,100
12										
13		<u>CURRENT AND ACCRUED ASSETS.</u>								
14	1310	CASH	RB, WC	227,993	Adjusted, Gross Profit	31%	70,678	-	-	70,678
15	1340	SPECIAL DEPOSITS-ELECT	RB, WC	317,836	Direct	100%	317,836	-	-	317,836
16	1350.1	WORKING FUNDS- PETTY	RB, WC	8,000	Direct	100%	8,000	-	-	8,000
17	1350.10	WORKING FUNDS- PETTY	RB, WC	500	Payroll	25%	125	-	-	125
18	1420, 1430	ACCOUNTS RECEIVABLE- ALLOW. FOR UNCOLLAC	RB, WC	5,042,458	Direct	100%	5,042,458	-	-	5,042,458
19	1440	ALLOW. FOR UNCOLLAC	RB, WC	(36,745)	Direct	100%	(36,745)	-	-	(36,745)
20	1540.1	MATERIALS & SUPPLIES	RB, WC	940,015	Direct	100%	940,015	-	-	940,015
21	1630.3	STORES EXPENSE	RB, WC	-	Direct	100%	-	-	-	-
22	1650.2, 5	PREPAID EXP - INSURANCE	RB, WC	629,658	Adjusted, Gross Profit	31%	195,194	-	-	195,194
23	1650.4	PREPAID EXP - OTHER	RB, WC	202,937	Adjusted, Gross Profit	31%	62,910	-	-	62,910
24	1650.41	PREPAID EXP.- MAINTENANCE	RB, WC	55,038	Adjusted, Gross Profit	31%	17,062	-	-	17,062
25	1730.1	UNBILLED REVENUES	RB, WC	548,394	Direct	100%	548,394	-	-	548,394
26	1820.2	REG ASSET-RET PLANS	RB, WC	1,323,986	Payroll	34%	450,155	-	-	450,155
27	1840.7	CLEARING ACCOUNT- REFUNDS	RB, WC	-	Adjusted, Gross Profit	31%	-	-	-	-
28	1850.1	TEMPORARY SERVICES	RB, WC	26,961	Direct	100%	26,961	-	-	26,961
29										
30		<u>DEFERRED DEBITS.</u>								
31	1860.1	DEFERRED DEBITS - OTHER	RB, WC	50,954	Direct	100%	50,954	-	-	50,954
32	1860.1	DEFERRED DEBITS - RATE CASE	RB, WC	608,236	Direct	100%	608,236	-	-	608,236
33	1860.3	MISC DEF'D DR-UNDIST	RB, WC	15,066	Direct	100%	15,066	-	-	15,066
34	1860.21	DEFERRED DEBITS - UNDER REC FUEL	RB, WC	1,143,377	Direct	100%	1,143,377	-	-	1,143,377
35	1810, 1890	NET UNAMORTIZED DEBT DISCOUNT	CS	1,855,551	Allocated Consolidated Equity	29%	543,097	6,126	Allocated Equity Adjustment	549,223
36	1900	ACCUMULATED DEFERRED TAXES	CS	1,239,378	Direct	100%	1,239,378	-	-	1,239,378
37										
38		<u>TOTAL ASSETS AND OTHER DEBITS.</u>					56,488,747	(25,895)		56,462,852
39										

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(1) Dec 2007	(2) Jan 2008	(3) Feb 2008	(4) Mar 2008	(5) Apr 2008	(6) May 2008	(7) Jun 2008	(8) Jul 2008	(9) Aug 2008	(10) Sep 2008	(11) Oct 2008	(12) Nov 2008	(13) Dec 2008	(14) 13 MONTH AVERAGE
40		LIABILITIES AND OTHER CREDITS														
41		PROPRIETARY CAPITAL														
42	2010.1	COMMON STOCK ISSUED	(2,979,952)	(3,064,567)	(3,045,975)	(3,086,171)	(3,099,972)	(3,065,029)	(3,026,726)	(3,013,389)	(3,019,256)	(3,037,342)	(3,081,761)	(3,127,610)	(3,066,200)	(3,054,919)
43	2040.1	PREFERRED STOCK ISSUED-\$1	(165,553)	(170,254)	(169,221)	(171,454)	(172,221)	(170,279)	(168,151)	(167,410)	(167,736)	(168,741)	(171,209)	(173,756)	(170,344)	(169,718)
44	2070.1	PREM ON CAPITAL STOCK	(3,575,942)	(3,677,480)	(3,655,170)	(3,703,405)	(3,719,966)	(3,678,035)	(3,632,071)	(3,616,066)	(3,623,107)	(3,644,811)	(3,698,113)	(3,753,133)	(3,679,440)	(3,665,903)
45	2110.1	MISCELLANEOUS PAID IN CAPITAL - ALLOCATED	(198,663)	(204,304)	(203,065)	(205,745)	(206,665)	(204,335)	(201,782)	(200,893)	(201,284)	(202,489)	(205,451)	(208,507)	(204,413)	(203,661)
46	2140.1	CAPITAL STOCK EXPENSE	264,885	272,406	270,753	274,326	275,553	272,447	269,042	267,857	268,378	269,986	273,934	278,010	272,551	271,548
47	2160.1	UNAPPROPRIATED RETAINED EARNINGS	(10,760,937)	(11,066,491)	(10,999,354)	(11,144,505)	(11,194,342)	(11,068,162)	(10,929,843)	(10,881,682)	(10,902,868)	(10,968,181)	(11,128,582)	(11,294,149)	(11,072,388)	(11,031,653)
48	2170.1	COMMON STOCK REACQUIRED	562,880	578,863	575,351	582,943	585,550	578,950	571,715	569,196	570,304	573,720	582,110	590,771	579,171	577,040
49																
50		LONG TERM DEBT														
51	2210.1	BONDS	(14,932,871)	(15,356,884)	(15,263,718)	(15,465,142)	(15,534,301)	(15,359,205)	(15,167,259)	(15,100,427)	(15,129,827)	(15,220,460)	(15,443,047)	(15,672,804)	(15,365,066)	(15,308,539)
52																
53		OTHER NON-CURRENT LIABILITIES														
54	2280.11	ELECTRIC STORM RESERVE	(1,707,737)	(1,724,727)	(1,741,717)	(1,758,707)	(1,775,697)	(1,792,687)	(1,809,677)	(1,826,667)	(1,843,657)	(1,860,647)	(1,877,637)	(1,894,627)	(1,911,617)	(1,809,677)
55	2280.31	PENSIONS RESERVE	(1,482,905)	(1,521,652)	(1,560,399)	(1,554,179)	(1,592,926)	(1,631,673)	(1,625,453)	(1,664,200)	(1,702,947)	(1,696,727)	(1,735,474)	(1,774,221)	(1,650,795)	(1,630,273)
56	2280.32	MEDICAL POST-RETIREMENT	(596,554)	(598,069)	(599,584)	(601,098)	(602,613)	(604,128)	(605,642)	(607,157)	(608,672)	(610,186)	(611,701)	(613,216)	(620,880)	(608,115)
57	2280.34	401(K) ACCRUAL COMPANY SH	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	2280.201	ACCRUED LIABILITY INS	(48,540)	(50,968)	(53,397)	(55,825)	(58,253)	(60,682)	(63,110)	(65,538)	(67,967)	(70,395)	(72,823)	(75,252)	(77,680)	(63,110)
59																

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(18) ALLOCATION %	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
40		LIABILITIES AND OTHER									
		CREDITS									
41		<u>PROPRIETARY CAPITAL</u>									
42	2010.1	COMMON STOCK ISSUED	CS	(10,293,196)	Allocated Consolidated Equity	29%		(3,054,919)	8,245	Allocated Equity Adjustment	(3,046,674)
43	2040.1	PREFERRED STOCK ISSUED- \$1	CS	(600,000)	Allocated Consolidated Equity	28%		(169,718)	(7,875)	Allocated Equity Adjustment	(177,593)
44	2070.1	PREM ON CAPITAL STOCK	CS	(12,420,226)	Allocated Consolidated Equity	29%		(3,665,903)	(10,349)	Allocated Equity Adjustment	(3,676,252)
45	2110.1	MISCELLANEOUS PAID IN CAPITAL - ALLOCATED	CS	(702,087)	Allocated Consolidated Equity	29%		(203,661)	(4,149)	Allocated Equity Adjustment	(207,810)
46	2140.1	CAPITAL STOCK EXPENSE	CS	913,056	Allocated Consolidated Equity	29%		271,548	(1,293)	Allocated Equity Adjustment	270,255
47	2160.1	UNAPPROPRIATED RETAINED EARNINGS	CS	(37,207,432)	Allocated Consolidated Equity	29%		(11,031,653)	18,658	Allocated Equity Adjustment	(11,012,995)
48	2170.1	COMMON STOCK REACQUIRED	CS	1,954,005	Allocated Consolidated Equity	29%		577,040	1,324	Allocated Equity Adjustment	578,364
49											
50		<u>LONG TERM DEBT</u>									
51	2210.1	BONDS	CS	(51,632,923)	Allocated Consolidated Equity	29%		(15,308,539)	25,755	Allocated Equity Adjustment	(15,282,784)
52											
53		<u>OTHER NON-CURRENT LIABILITIES</u>									
54	2280.11	ELECTRIC STORM RESERVE	RB, WC	(1,809,677)	DIRECT	100%		(1,809,677)	-	-	(1,809,677)
55	2280.31	PENSIONS RESERVE	RB, WC	(6,521,093)	Payroll	25%		(1,630,273)	-	-	(1,630,273)
56	2280.32	MEDICAL POST-RETIREMENT	RB, WC	(1,955,211)	Adj. Gross Profit	31%		(606,115)	-	-	(606,115)
57	2280.34	401(K) ACCRUAL COMPANY SH	RB, WC	-	Payroll	25%		-	-	-	-
58	2280.201	ACCRUED LIABILITY INS	RB, WC	(203,580)	Adj. Gross Profit	31%		(63,110)	-	-	(63,110)
59											

FLORIDA PUBLIC SERVICE COMMISSION

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Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(1) Dec 2007	(2) Jan 2008	(3) Feb 2008	(4) Mar 2008	(5) Apr 2008	(6) May 2008	(7) Jun 2008	(8) Jul 2008	(9) Aug 2008	(10) Sep 2008	(11) Oct 2008	(12) Nov 2008	(13) Dec 2008	(14) 13 MONTH AVERAGE
60		<u>CURRENT AND ACCRUED LIABILITIES</u>														
61	2310.1	NOTES PAYABLE	(1,854,192)	(1,906,841)	(1,895,273)	(1,920,284)	(1,928,871)	(1,907,129)	(1,883,296)	(1,874,997)	(1,878,648)	(1,889,902)	(1,917,540)	(1,946,069)	(1,907,858)	(1,900,838)
62	2320.	ACCOUNTS PAYABLE - FUEL	(2,881,858)	(3,863,799)	(3,449,781)	(3,165,243)	(3,151,127)	(3,568,606)	(4,002,274)	(4,099,526)	(4,164,913)	(3,735,864)	(3,217,788)	(2,918,936)	(3,598,165)	(3,524,452)
63	2320.	ACCOUNTS PAYABLE - NET OF GAS & FUEL	(879,119)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(915,510)	(912,711)
64	2320.	ACCOUNTS PAYABLE - OTHER	(210,123)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,559)	(216,064)
65	2350.1	CUSTOMER DEPOSITS	(2,821,422)	(2,842,081)	(2,862,890)	(2,883,853)	(2,904,968)	(2,926,239)	(2,947,665)	(2,969,248)	(2,990,989)	(3,012,889)	(3,034,949)	(3,057,172)	(3,079,556)	(2,948,763)
66	2360.1	TAXES ACCRUED - AD VALOREM	(206,451)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(196,472)	(197,240)
67	2360.2	TAXES ACCRUED - STATE GROSS RECEIPTS	(105,413)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(110,270)	(109,896)
68	2360.3	TAXES ACCRUED - FPSC ASSESSMENT	(40,637)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(43,044)	(42,859)
69	2360	TAXES ACCRUED - UNEMPLOYMENT AND FICA	(3,264)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,160)	(3,168)
70	2360	TAXES ACCRUED - INCOME TAX	(584,393)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(597,699)	(596,675)
71	2370	INTEREST ACCRUED - CUSTOMER DEPOSITS	(63,422)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(67,249)	(66,955)
72	2370	INTEREST ACCRUED - NOTES AND LOANS	(329,732)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,433)	(325,764)
73	2380	DIVIDENDS DECLARED - PREFERRED	(178)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(340)
74	2410	WITHHOLDING TAXES PAYABLE	(356)	(339)	(339)	(339)	(339)	(339)	(339)	(339)	(339)	(339)	(339)	(339)	(339)	(340)
75	2410	TAX COLLECTIONS PAYABLE	(296,095)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,961)	(304,279)
76	2420	EMPLOYEE FUND	(855)	(912)	(912)	(912)	(912)	(912)	(912)	(912)	(912)	(912)	(912)	(912)	(912)	(908)
77	2420	ACCRUED VACATION	(286,925)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(311,317)	(309,441)
78	2420	PROFESSIONAL FEES & EXPENSES ACCRUED	(52,631)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,681)	(53,600)
79																
80		<u>DEFERRED CREDITS, CUSTOMER ADVANCES FOR CONSTRUCTION</u>														
81	2520		(844,796)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(881,660)	(878,824)
82	2530.1	OTHER DF CR-CASHIER	62	62	62	62	63	63	63	63	67	67	68	68	68	64
83	2530.21	OVER RECOVERY-FUEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
84	2530.61	OVER RECOVERY-CONSERVATION	(1,257)	(1,152)	(1,047)	(942)	(837)	(732)	(627)	(522)	(417)	(312)	(207)	(102)	-	(627)
85	2550.1	INVEST TAX CREDIT	(95,417)	(93,175)	(90,933)	(88,691)	(86,449)	(84,207)	(81,965)	(79,723)	(77,481)	(75,239)	(72,997)	(70,755)	(68,513)	(61,965)
86																
87		<u>ACCUMULATED DEFERRED INCOME TAXES</u>														
88	2820, 2821, 2830.	ACCUMULATED DEFERRED TAXES	(6,815,388)	(6,562,491)	(7,420,855)	(7,403,201)	(7,396,734)	(7,378,249)	(7,398,047)	(7,419,437)	(7,412,743)	(7,501,563)	(7,490,045)	(7,474,899)	(7,461,928)	(7,318,122)
89																
90		<u>TOTAL LIABILITIES AND OTHER CREDITS</u>	(53,995,751)	(55,882,224)	(56,194,833)	(56,379,734)	(56,593,396)	(56,676,537)	(56,731,388)	(56,778,386)	(56,982,383)	(56,880,595)	(56,931,832)	(57,214,979)	(57,111,673)	(56,488,747)
91		REFERENCE:														
92		RB = Rate Base; WC = Working Capital; CS = Capital Structure; ORP = Other Return Provided; NEU = Non-Electric Utility														

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Derive the 13-month average system balance sheet by primary account by month for the test year, the prior year and the most recent historical year. For accounts including non-electric utility amounts, show these amounts as a separate subaccount.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	(15) REFERENCE	(16) 13 MONTH CONSOLIDATED AMOUNT	(17) ALLOCATION METHOD	(19) ALLOCATION %	(20) ALLOCATED AMOUNT	(21) ADJUSTMENT	(22) REASON	(23) ADJUSTED AMOUNT
60		<u>CURRENT AND ACCRUED LIABILITIES</u>								
61	2310.1	NOTES PAYABLE	CS	(6,436,923)	Allocated Consolidated Equity	29%	(1,900,838)	(4,421)	Allocated Equity Adjustment	(1,905,259)
62	2320.	ACCOUNTS PAYABLE - FUEL	RB, WC	(3,524,452)	DIRECT	100%	(3,524,452)	-		(3,524,452)
63	2320.	ACCOUNTS PAYABLE - NET OF GAS & FUEL	RB, WC	(2,944,228)	Adj. Gross Profit	31%	(912,711)	-		(912,711)
64	2320.	ACCOUNTS PAYABLE - OTHER	RB, WC	(805,102)	Adjusted Gross Profit / Payroll	31% / 25%	(216,064)	-		(216,064)
65	2350.1	CUSTOMER DEPOSITS	CS	(2,948,763)	DIRECT	100%	(2,948,763)	-		(2,948,763)
66	2360.1	TAXES ACCRUED - AD VALOREM	RB, WC	(197,240)	DIRECT	100%	(197,240)	-		(197,240)
67	2360.2	TAXES ACCRUED - STATE GROSS RECEIPTS	RB, WC	(289,200)	REG GROSS PROFIT	38%	(109,896)	-		(109,896)
68	2360.3	TAXES ACCRUED - FPSC ASSESSMENT	RB, WC	(138,255)	Adj. Gross Profit	31%	(42,859)	-		(42,859)
69	2360	TAXES ACCRUED - UNEMPLOYMENT AND FICA	RB, WC	(12,672)	Payroll	25%	(3,168)	-		(3,168)
70	2360	TAXES ACCRUED - INCOME TAX	RB, WC	(1,924,759)	Adj. Gross Profit	31%	(596,675)	-		(596,675)
71	2370	INTEREST ACCRUED- CUSUSTOMER DEPOSITS	RB, WC	(66,955)	DIRECT	100%	(66,955)	-		(66,955)
72	2370	INTEREST ACCRUED-NOTES AND LOANS	RB, WC	(1,050,853)	Plant	31%	(325,764)	-		(325,764)
73	2380	DIVIDENDS DECLARED - PREFERRED	RB, WC	(1,096)	Adj. Gross Profit	31%	(340)	-		(340)
74	2410	WITHHOLDING TAXES PAYABLE	RB, WC	(1,361)	Payroll	25%	(340)	-		(340)
75	2410	TAX COLLECTIONS PAYABLE	RB, WC	(304,279)	DIRECT	100%	(304,279)	-		(304,279)
76	2420	EMPLOYEE FUND	RB, WC	(908)	DIRECT	100%	(908)	-		(908)
77	2420	ACCRUED VACATION	RB, WC	(1,237,764)	Payroll	25%	(309,441)	-		(309,441)
78	2420	PROFESSIONAL FEES & EXPENSES ACCRUED	RB, WC	(172,903)	Adj. Gross Profit	31%	(53,600)	-		(53,600)
79										
80		<u>DEFERRED CREDITS</u>								
81	2520	CUSTOMER ADVANCES FOR CONSTRUCTION	RB	(878,824)	DIRECT	100%	(878,824)	-		(878,824)
82	2530.1	OTHER DF CR-CASHIER	RB, WC	64	DIRECT	100%	64	-		64
83	2530.21	OVER RECOVERY-FUEL	RB, WC	-	DIRECT	100%	-	-		-
84	2530.61	OVER RECOVERY- CONSERVATION	RB, WC	(627)	DIRECT	100%	(627)	-		(627)
85	2550.1	INVEST TAX CREDIT	CS	(81,965)	DIRECT	100%	(81,965)	-		(81,965)
86										
87		<u>ACCUMULATED DEFERRED INCOME TAXES</u>								
88	2820, 2821, 2830.	ACCUMULATED DEFERRED TAXES	CS	(7,318,122)	DIRECT	100%	(7,318,122)	-		(7,318,122)
89										
90		<u>TOTAL LIABILITIES AND OTHER CREDITS</u>		(56,747,040)			(56,488,747)	25,895		(56,462,852)

91 REFERENCE:

92 RB = Rate Base; WC = Working Capital; CS =

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide 13-month average system balance sheets by
 primary account for the most recent two historical
 calendar years not including the historical test
 year if provided elsewhere.

Type of Data Shown:
 Historic Year Ended 12/31/2005
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

Line No.	Account No.	Account Name	2005	2006
1		<u>ASSETS AND OTHER DEBITS</u>		
2				
3		<u>UTILITY PLANT:</u>		
4	1010	PLANT IN SERVICE	65,535,303	70,720,023
5	1070	CWIP	3,812,779	1,369,213
6	1080	PLANT RESERVE	(29,076,380)	(30,781,483)
7	1180	ALLOCATED COMMON PLANT IN SERVICE	1,617,663	1,589,177
8	1190	ALLOCATED COMMON PLANT RESERVE	(583,211)	(563,444)
9	1070	ALLOCATED COMMON CWIP	28,589	85,048
10				
11		<u>OTHER PROPERTY AND INVESTMENTS</u>		
12	1280.1	OTHER SPECIAL FUNDS	3,200	3,200
13				
14				
15	1310, 1340	CASH AND DEPOSITS	130,818	247,509
16	1340.1	SPECIAL DEPOSITS-ELECT	-	268,938
17	1350.1	WORKING FUNDS- PETTY	6,231	8,000
18	1350.10	WORKING FUNDS- PETTY	140	143
19	1420, 1430	ACCOUNTS RECEIVABLE-	3,614,975	3,443,963
20	1440	ALLOW. FOR UNCOLLAC	(97,568)	(34,335)
21	1540.1	MATERIALS & SUPPLIES	800,517	878,363
22	1630.3	STORES EXPENSE	85	(3,775)
23	1650.2, 5	PREPAID EXP - INSURANCE	215,270	254,432
24	1650.41	PREPAID EXP - MAINTENANCE	13,634	16,457
25	1730.1	UNBILLED REVENUES	437,017	429,443
26	1820.2	REG ASSET-RET PLANS	-	7,980
27	1840.7	CLEARING ACCOUNT--REFUNDS	178	11
28	1850.1	TEMPORARY SERVICES	20,427	25,192
29				
30		<u>DEFERRED DEBITS.</u>		
31	1860.1	DEFERRED DEBITS - OTHER	353,254	169,302
32				
33	1860.3	MISC DEF'D DR-UNDIST	14,513	14,078
34	1860.21	DEFERRED DEBITS - UNDERRECOVERY FUEL	1,658,615	-
35	1810, 1890	NET UNAMORTIZED DEBT DISCOUNT	688,560	644,292
36	1900	ACCUMULATED DEFERRED TAXES	498,489	1,018,408
37				
38		<u>TOTAL ASSETS AND OTHER DEBITS.</u>	<u>49,832,258</u>	<u>49,810,135</u>
39				

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide 13-month average system balance sheets by primary account for the most recent two historical calendar years not including the historical test year if provided elsewhere.

Type of Data Shown:
Historic Year Ended 12/31/2005
Historic Year Ended 12/31/2006
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Name	2005	2006
40		<u>LIABILITIES AND OTHER CREDITS</u>		
41				
42		<u>PROPRIETARY CAPITAL</u>		
43	2010.1	COMMON STOCK ISSUED	(2,572,294)	(2,895,020)
44	2040.1	PREFERRED STOCK ISSUED-\$1	(191,500)	(187,953)
45	2070.1	PREM ON CAPITAL STOCK	(2,062,313)	(1,714,310)
46	2110.1	MISCELLANEOUS PAID IN CAPITAL - ALLOCATED	(535,806)	(298,337)
47	2140.1	CAPITAL STOCK EXPENSE	136,744	134,211
48	2160.1	UNAPPROPRIATED RETAINED EARNINGS	(10,060,788)	(10,246,479)
49	2170.1	COMMON STOCK REACQUIRED	1,305,857	941,076
50				
51		<u>LONG TERM DEBT</u>		
52	2210.1	BONDS	(16,034,860)	(16,445,904)
53				
54		<u>OTHER NON-CURRENT LIABILITIES</u>		
55	2280.11	ELECTRIC STORM RESERVE	(1,559,228)	(1,564,650)
56	2280.31	PENSIONS RESERVE	(4,422)	(404,193)
57	2280.32	MEDICAL POST-RETIREMENT	(586,070)	(642,292)
58	2280.34	401(K) ACCRUAL COMPANY SH	20	68
59	2280.201	ACCRUED LIABILITY INS	(104,480)	(80,412)
60				
61		<u>CURRENT AND ACCRUED LIABILITIES</u>		
62	2310.1	NOTES PAYABLE	(998,673)	(1,036,586)
63	2320.	ACCOUNTS PAYABLE - FUEL	(2,432,298)	(2,522,614)
64	2320.	ACCOUNTS PAYABLE - NET OF GAS & FUEL	(836,272)	(880,361)
65	2320.	ACCOUNTS PAYABLE - OTHER	(328,544)	(208,959)
66	2350.1	CUSTOMER DEPOSITS	(2,017,756)	(2,136,661)
67	2360.1	TAXES ACCRUED - AD VALOREM	(189,354)	(184,304)
68	2360.2	TAXES ACCRUED - STATE GROSS RECEIPTS	(228,527)	(105,390)
69	2360.3	TAXES ACCRUED - FPSC ASSESSMENT	(43,585)	(41,340)
70	2360	TAXES ACCRUED - UNEMPLOYMENT AND FICA	(4,158)	(3,197)
71	2360	TAXES ACCRUED - INCOME TAX	(406,926)	(575,526)
72	2370	INTEREST ACCRUED-CUSTOMER DEPOSITS	(61,842)	(65,376)
73	2370	INTEREST ACCRUED-NOTES AND LOANS	(390,039)	(304,399)
74	2380	DIVIDENDS DECLARED - PREFERRED	(876)	(351)
75	2410	WITHHOLDING TAXES PAYABLE	(6,156)	(343)
76	2410	TAX COLLECTIONS PAYABLE	(323,079)	(284,322)
77	2420	EMPLOYEE FUND	(1,611)	(848)
78	2420	ACCRUED VACATION	(286,504)	(292,994)
79	2420	PROFESSIONAL FEES & EXPENSES ACCRUED	(44,904)	(52,308)
80				
81		<u>DEFERRED CREDITS</u>		
82	2520	CUSTOMER ADVANCES FOR CONSTRUCTION	(608,099)	(821,185)
83	2530.1	OTHER DF CR-CASHIER	98	60
84	2530.21	OVER RECOVERY-FUEL	(677,071)	(975,354)
85	2530.61	OVER RECOVERY-CONSERVATION	(134,597)	(79,603)
86	2550.1	INVEST TAX CREDIT	(174,775)	(141,119)
87				
88		ACCUMULATED DEFERRED INCOME TAXES.		
89	2820, 2821, 2830.	ACCUMULATED DEFERRED TAXES	(7,367,570)	(5,692,858)
90				
91		<u>TOTAL LIABILITIES AND OTHER CREDITS</u>	<u>(49,832,258)</u>	<u>(49,810,135)</u>

Supporting Schedules: B-3 (2006)

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the data listed below regarding all changes in rate base primary accounts that exceed 1/20th of one percent (.0005) of total rate base and ten percent from the prior year to the test year. Quantify each reason for the change.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Witness: Jim Mesite, Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

Line No.	(1) Account Number	(2) Account Name	(3) Test Year Ended 12/31/2008	(4) Prior Year Ended 12/31/2007	(5) Increase / (Decrease)		(7) Reason(s) for Change
					(6) Amount (3)-(4) (000)	(6) Percent (5)/(4) (%)	
1	1070	Electric CWP	74,093	514,230	(440,137)	-86%	Projected construction interval.
2	1070	Allocated Common CWP	-	62,160	(62,160)	-100%	No significant long-term projects anticipated in 2008.
3	1180	Allocated Common Plant	1,853,396	1,592,836	260,560	16%	Significant retirements not anticipated.
4	1190	Allocated Common Reserve	(684,914)	(560,372)	(124,542)	22%	Significant retirements not anticipated
5	1310	Cash and Deposits	70,678	210,108	(139,430)	-66%	Projected interactions between Cash and Line of Credit.
6	1730	Unbilled Revenues	548,394	444,044	104,350	23%	Proposed Increase in Base Rate & Customer Growth
7	1820	Reg Asset-Ret Plans	450,155	103,267	346,888	336%	Actuarial Estimates and accounting changes due to FAS 158
8	1860	Deferred Debits - Rate Case	608,236	282,293	325,943	115%	Costs of 2007 Electric Rate Case
9	2280	Electric Storm Reserve	(2,018,351)	(1,681,542)	(336,809)	20%	Proposed Increase in Storm Reserve Allowance
10	2280	Pensions Reserve	(1,630,273)	(922,359)	(707,914)	77%	Actuarial Estimates and accounting changes due to FAS 158
11	2280	Accrued Liability Ins	(63,110)	(40,839)	(22,271)	55%	Historical averages including large claim during 2007.
12	2320	Accounts Payable - Fuel	(3,524,452)	(2,886,302)	(638,150)	22%	Significant increases in fuel costs
13	2530	Over Recovery-Conservation	(627)	(25,573)	24,946	-98%	Projected Zero Over/Under Recovery at 12/31/08
14	1420, 1430	Accounts Receivable	5,042,458	4,270,514	771,944	18%	Increases in Base Rates and Fuel Costs

Supporting Schedules: B-3 (2007), B-3 (2008)

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	Electric Plant in Service:				
2	Intangible				
3	Production:				
4	Steam	-	-	-	
5	Nuclear	-	-	-	
6	Other	-	-	-	
7	Total Production	-	-	-	
8	Transmission:				
9	Land and Land Rights	74,148	74,148	74,148	100%
10	Structure and Improvements	22,007	22,007	22,007	100%
11	Station Equipment	2,414,632	2,414,632	2,414,632	100%
12	Towers & Fixtures	224,665	224,665	224,665	100%
13	Poles & Fixtures	2,346,420	2,346,420	2,346,420	100%
14	O.H. Conductor and Devices	1,858,642	1,858,642	1,858,642	100%
15	U.G. Conductor and Devices	-	-	-	
16	Roads and Trails	6,788	6,788	6,788	100%
17	Total Transmission	6,947,302	6,947,302	6,947,302	100%
18	Distribution:				
19	Land and Land Rights	32,878	32,878	32,878	100%
20	Structure and Improvements	96,042	96,042	96,042	100%
21	Station Equipment	5,673,433	5,673,433	5,673,433	100%
22	Poles and Fixtures	8,717,909	8,717,909	8,717,909	100%
23	O.H. Conductors	9,425,756	9,425,756	9,425,756	100%
24	U.G. Conduits	2,447,327	2,447,327	2,447,327	100%
25	U.G. Conductors	4,639,024	4,639,024	4,639,024	100%
26	Line Transformers	12,830,071	12,830,071	12,830,071	100%
27	Services	8,005,494	8,005,494	8,005,494	100%
28	Meters	3,335,843	3,335,843	3,335,843	100%
29	Installed on Customer Premises	1,936,496	1,936,496	1,936,496	100%
30	Street Lighting	1,177,470	1,177,470	1,177,470	100%
31	Total Distribution	58,317,743	58,317,743	58,317,743	100%
32	General Plant	5,522,761	5,522,761	5,522,761	100%
33	Total Electric Gross Plant	70,787,806	70,787,806	70,787,806	100%
34	Allocated Common Plant	1,589,177	1,589,177	1,589,177	100%
35	Adjustments	(67,783)	(67,783)	(67,783)	100%
36	Total Gross Plant	72,309,200	72,309,200	72,309,200	100%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	Accumulated Depreciation:				
2	Intangible				
3	Production:				
4	Steam	-	-	-	
5	Nuclear	-	-	-	
6	Other	-	-	-	
7	Total Production	-	-	-	
8	Transmission:				
9	Land and Land Rights	(33,164)	(33,164)	(33,164)	100%
10	Structure and Improvements	(10,036)	(10,036)	(10,036)	100%
11	Station Equipment	(581,595)	(581,595)	(581,595)	100%
12	Towers & Fixtures	(164,973)	(164,973)	(164,973)	100%
13	Poles & Fixtures	(787,408)	(787,408)	(787,408)	100%
14	O.H. Conductor and Devices	(545,184)	(545,184)	(545,184)	100%
15	U.G. Conductor and Devices	-	-	-	
16	Roads and Trails	(3,785)	(3,785)	(3,785)	100%
17	Total Transmission	(2,126,145)	(2,126,145)	(2,126,145)	100%
18	Distribution:				
19	Land and Land Rights	(4,744)	(4,744)	(4,744)	100%
20	Structure and Improvements	(29,563)	(29,563)	(29,563)	100%
21	Station Equipment	(1,184,368)	(1,184,368)	(1,184,368)	100%
22	Poles and Fixtures	(3,895,313)	(3,895,313)	(3,895,313)	100%
23	O.H. Conductors	(4,816,713)	(4,816,713)	(4,816,713)	100%
24	U.G. Conduits	(524,944)	(524,944)	(524,944)	100%
25	U.G. Conductors	(1,517,784)	(1,517,784)	(1,517,784)	100%
26	Line Transformers	(7,172,886)	(7,172,886)	(7,172,886)	100%
27	Services	(3,620,890)	(3,620,890)	(3,620,890)	100%
28	Meters	(1,773,897)	(1,773,897)	(1,773,897)	100%
29	Installed on Customer Premises	(632,764)	(632,764)	(632,764)	100%
30	Street Lighting	(438,848)	(438,848)	(438,848)	100%
31	Total Distribution	(25,612,714)	(25,612,714)	(25,612,714)	100%
32	General Plant	(3,075,994)	(3,075,994)	(3,075,994)	100%
33	Total Electric Accumulated Depreciation	(30,814,853)	(30,814,853)	(30,814,853)	100%
34	Allocated Common Reserve	(563,444)	(563,444)	(563,444)	100%
35	Customer Advances for Construction	(821,185)	(821,185)	(821,185)	100%
36	Adjustments	33,370	33,370	33,370	100%
37	Total Accumulated Reserve	(32,166,112)	(32,166,112)	(32,166,112)	100%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:

Historic Year Ended 12/31/2006

Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	NET PLANT IN SERVICE	<u>40,143,088</u>	<u>40,143,088</u>	<u>40,143,088</u>	100%
2	CWIP:				
3	Production	-	-	-	
4	Transmission	12,803	12,803	12,803	100%
5	Distribution	1,067,683	1,067,683	1,067,683	100%
6	Customer Accounts	-	-	-	
7	General	296,070	296,070	296,070	100%
8	Customer Services	-	-	-	
9	Allocated Common	85,048	85,048	85,048	100%
10	Adjustments	(7,343)	(7,343)	(7,343)	100%
11	Total CWIP	<u>1,454,261</u>	<u>1,454,261</u>	<u>1,454,261</u>	100%
12	CWIP - NOT BEARING INTEREST				
13	Production				
14	Transmission				
15	Distribution				
16	Total CWIP Not Bearing Interest				
17	PLANT HELD FOR FUTURE USE				
18	UNAMORTIZED NUCLEAR SITE				
19	WORKING CAPITAL				
20	Net of Current Assets and Current Liabilities	1,687,010	1,687,010	1,687,010	100%
21	Preliminary Survey and Investigation Charges	-	-	-	
22	Prepayments	270,889	270,889	270,889	100%
23	Clearing Accounts	-	-	-	
24	Unamortized Deferred O & M	-	-	-	
25	Injuries and Damages Reserve	(1,645,062)	(1,645,062)	(1,645,062)	100%
26	Property Insurance Reserves				
27	Other Deferred Credits & Debits	(1,995,343)	(1,995,343)	(1,995,343)	100%
28	Adjustments	(1,857,601)	(1,857,601)	(1,857,601)	100%
29	Total Working Capital	<u>(3,540,107)</u>	<u>(3,540,107)</u>	<u>(3,540,107)</u>	100%
30					
31	Total Adjusted Rate Base	<u>38,057,242</u>	<u>38,057,242</u>	<u>38,057,242</u>	100%

Supporting Schedules: B-3 (2006), B-8 (2006), B-10 (2006)

Recap Schedules: B-1 (2006), B-2 (2006)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:

Prior Year Ended 12/31/2007

Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	Electric Plant in Service:				
2	Intangible				
3	Production:				
4	Steam	-	-	-	
5	Nuclear	-	-	-	
6	Other	-	-	-	
7	Total Production	-	-	-	
8	Transmission:				
9	Land and Land Rights	74,148	74,148	74,148	100%
10	Structure and Improvements	22,007	22,007	22,007	100%
11	Station Equipment	2,432,632	2,432,632	2,432,632	100%
12	Towers & Fixtures	224,665	224,665	224,665	100%
13	Poles & Fixtures	2,362,223	2,362,223	2,362,223	100%
14	O.H. Conductor and Devices	1,876,726	1,876,726	1,876,726	100%
15	U.G. Conductor and Devices	-	-	-	
16	Roads and Trails	6,788	6,788	6,788	100%
17	Total Transmission	6,999,189	6,999,189	6,999,189	100%
18	Distribution:				
19	Land and Land Rights	37,891	37,891	37,891	100%
20	Structure and Improvements	96,042	96,042	96,042	100%
21	Station Equipment	6,147,277	6,147,277	6,147,277	100%
22	Poles and Fixtures	9,179,729	9,179,729	9,179,729	100%
23	O.H. Conductors	9,808,726	9,808,726	9,808,726	100%
24	U.G. Conduits	2,819,862	2,819,862	2,819,862	100%
25	U.G. Conductors	5,133,083	5,133,083	5,133,083	100%
26	Line Transformers	13,296,741	13,296,741	13,296,741	100%
27	Services	8,357,591	8,357,591	8,357,591	100%
28	Meters	3,405,846	3,405,846	3,405,846	100%
29	Installed on Customer Premises	2,115,755	2,115,755	2,115,755	100%
30	Street Lighting	1,214,923	1,214,923	1,214,923	100%
31	Total Distribution	61,613,466	61,613,466	61,613,466	100%
32	General Plant	6,172,495	6,172,495	6,172,495	100%
33	Total Electric Gross Plant	74,785,150	74,785,150	74,785,150	100%
34	Allocated Common Plant	1,592,837	1,592,837	1,592,837	100%
35	Adjustments	(55,497)	(55,497)	(55,497)	100%
36	Total Gross Plant	76,322,490	76,322,490	76,322,490	100%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:

Prior Year Ended 12/31/2007

Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	Accumulated Depreciation:				
2	Intangible				
3	Production:	-	-	-	
4	Steam	-	-	-	
5	Nuclear	-	-	-	
6	Other	-	-	-	
7	Total Production	-	-	-	
8	Transmission:				
9	Land and Land Rights	(33,788)	(33,788)	(33,788)	100%
10	Structure and Improvements	(10,480)	(10,480)	(10,480)	100%
11	Station Equipment	(637,270)	(637,270)	(637,270)	100%
12	Towers & Fixtures	(169,917)	(169,917)	(169,917)	100%
13	Poles & Fixtures	(879,958)	(879,958)	(879,958)	100%
14	O.H. Conductor and Devices	(604,967)	(604,967)	(604,967)	100%
15	U.G. Conductor and Devices	-	-	-	
16	Roads and Trails	(4,049)	(4,049)	(4,049)	100%
17	Total Transmission	(2,340,429)	(2,340,429)	(2,340,429)	100%
18	Distribution:				
19	Land and Land Rights	(5,152)	(5,152)	(5,152)	100%
20	Structure and Improvements	(31,675)	(31,675)	(31,675)	100%
21	Station Equipment	(1,313,662)	(1,313,662)	(1,313,662)	100%
22	Poles and Fixtures	(4,181,054)	(4,181,054)	(4,181,054)	100%
23	O.H. Conductors	(5,148,475)	(5,148,475)	(5,148,475)	100%
24	U.G. Conduits	(571,817)	(571,817)	(571,817)	100%
25	U.G. Conductors	(1,628,043)	(1,628,043)	(1,628,043)	100%
26	Line Transformers	(7,635,472)	(7,635,472)	(7,635,472)	100%
27	Services	(3,916,840)	(3,916,840)	(3,916,840)	100%
28	Meters	(1,774,515)	(1,774,515)	(1,774,515)	100%
29	Installed on Customer Premises	(709,876)	(709,876)	(709,876)	100%
30	Street Lighting	(483,041)	(483,041)	(483,041)	100%
31	Total Distribution	(27,399,622)	(27,399,622)	(27,399,622)	100%
32	General Plant	(3,368,772)	(3,368,772)	(3,368,772)	100%
33	Total Electric Accumulated Depreciation	(33,108,823)	(33,108,823)	(33,108,823)	100%
34	Allocated Common Reserve	(549,214)	(549,214)	(549,214)	100%
35	Customer Advances for Construction	(849,105)	(849,105)	(849,105)	100%
36	Adjustments	23,723	23,723	23,723	100%
37	Total Accumulated Reserve	(34,483,419)	(34,483,419)	(34,483,419)	100%

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Jim Mesite

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	NET PLANT IN SERVICE	<u>41,839,071</u>	<u>41,839,071</u>	<u>41,839,071</u>	100%
2	CWIP:				
3	Production	-	-	-	
4	Transmission	4,511	4,511	4,511	100%
5	Distribution	418,230	418,230	418,230	100%
6	Customer Accounts	-	-	-	
7	General	92,396	92,396	92,396	100%
8	Customer Services	-	-	-	
9	Allocated Common	62,160	62,160	62,160	100%
10	Adjustments	(907)	(907)	(907)	100%
11	Total CWIP	<u>576,390</u>	<u>576,390</u>	<u>576,390</u>	100%
12	CWIP - NOT BEARING INTEREST				
13	Production				
14	Transmission				
15	Distribution				
16	Total CWP Not Bearing Interest				
17	PLANT HELD FOR FUTURE USE				
18	UNAMORTIZED NUCLEAR SITE				
19	WORKING CAPITAL				
20	Net of Current Assets and Current Liabilities	335,867	335,867	335,867	100%
21	Preliminary Survey and Investigation Charges	-	-	-	
22	Prepayments	269,901	269,901	269,901	100%
23	Clearing Accounts	-	-	-	
24	Unamortized Deferred O & M	-	-	-	
25	Injuries and Damages Reserve	(1,722,381)	(1,722,381)	(1,722,381)	100%
26	Property Insurance Reserves				
27	Other Deferred Credits & Debits	(57,569)	(57,569)	(57,569)	100%
28	Adjustments	-	-	-	100%
29	Total Working Capital	<u>(1,174,182)</u>	<u>(1,174,182)</u>	<u>(1,174,182)</u>	100%
30					
31	Total Adjusted Rate Base	<u>41,241,279</u>	<u>41,241,279</u>	<u>41,241,279</u>	100%

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	Electric Plant in Service:				
2	Intangible				
3	Production:				
4	Steam	-	-	-	
5	Nuclear	-	-	-	
6	Other	-	-	-	
7	Total Production	-	-	-	
8	Transmission:				
9	Land and Land Rights	74,148	74,148	74,148	100%
10	Structure and Improvements	25,238	25,238	25,238	100%
11	Station Equipment	2,441,032	2,441,032	2,441,032	100%
12	Towers & Fixtures	224,665	224,665	224,665	100%
13	Poles & Fixtures	2,352,531	2,352,531	2,352,531	100%
14	O.H. Conductor and Devices	1,998,264	1,998,264	1,998,264	100%
15	U.G. Conductor and Devices	-	-	-	
16	Roads and Trails	6,788	6,788	6,788	100%
17	Total Transmission	<u>7,122,666</u>	<u>7,122,666</u>	<u>7,122,666</u>	100%
18	Distribution:				
19	Land and Land Rights	37,891	37,891	37,891	100%
20	Structure and Improvements	96,042	96,042	96,042	100%
21	Station Equipment	7,069,889	7,069,889	7,069,889	100%
22	Poles and Fixtures	9,770,047	9,770,047	9,770,047	100%
23	O.H. Conductors	10,205,467	10,205,467	10,205,467	100%
24	U.G. Conduits	3,251,454	3,251,454	3,251,454	100%
25	U.G. Conductors	5,745,536	5,745,536	5,745,536	100%
26	Line Transformers	13,794,769	13,794,769	13,794,769	100%
27	Services	8,717,248	8,717,248	8,717,248	100%
28	Meters	3,539,542	3,539,542	3,539,542	100%
29	Installed on Customer Premises	2,195,517	2,195,517	2,195,517	100%
30	Street Lighting	1,239,801	1,239,801	1,239,801	100%
31	Total Distribution	<u>65,663,203</u>	<u>65,663,203</u>	<u>65,663,203</u>	100%
32	General Plant	<u>6,855,712</u>	<u>6,855,712</u>	<u>6,855,712</u>	100%
33	Total Electric Gross Plant	<u>79,641,581</u>	<u>79,641,581</u>	<u>79,641,581</u>	100%
34	Allocated Common Plant	1,853,396	1,853,396	1,853,396	100%
35	Adjustments	<u>(57,464)</u>	<u>(57,464)</u>	<u>(57,464)</u>	100%
36	Total Gross Plant	<u>81,437,513</u>	<u>81,437,513</u>	<u>81,437,513</u>	100%

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	Accumulated Depreciation:				
2	Intangible				
3	Production:	-	-	-	
4	Steam	-	-	-	
5	Nuclear	-	-	-	
6	Other	-	-	-	
7	Total Production	-	-	-	
8	Transmission:				
9	Land and Land Rights	(33,788)	(33,788)	(33,788)	100%
10	Structure and Improvements	(10,941)	(10,941)	(10,941)	100%
11	Station Equipment	(693,374)	(693,374)	(693,374)	100%
12	Towers & Fixtures	(174,861)	(174,861)	(174,861)	100%
13	Poles & Fixtures	(959,816)	(959,816)	(959,816)	100%
14	O.H. Conductor and Devices	(666,118)	(666,118)	(666,118)	100%
15	U.G. Conductor and Devices	-	-	-	
16	Roads and Trails	(4,313)	(4,313)	(4,313)	100%
17	Total Transmission	<u>(2,543,211)</u>	<u>(2,543,211)</u>	<u>(2,543,211)</u>	100%
18	Distribution:				
19	Land and Land Rights	(5,560)	(5,560)	(5,560)	100%
20	Structure and Improvements	(33,787)	(33,787)	(33,787)	100%
21	Station Equipment	(1,352,910)	(1,352,910)	(1,352,910)	100%
22	Poles and Fixtures	(4,469,772)	(4,469,772)	(4,469,772)	100%
23	O.H. Conductors	(5,479,223)	(5,479,223)	(5,479,223)	100%
24	U.G. Conduits	(631,303)	(631,303)	(631,303)	100%
25	U.G. Conductors	(1,761,876)	(1,761,876)	(1,761,876)	100%
26	Line Transformers	(8,112,025)	(8,112,025)	(8,112,025)	100%
27	Services	(4,219,948)	(4,219,948)	(4,219,948)	100%
28	Meters	(1,820,390)	(1,820,390)	(1,820,390)	100%
29	Installed on Customer Premises	(795,803)	(795,803)	(795,803)	100%
30	Street Lighting	(536,580)	(536,580)	(536,580)	100%
31	Total Distribution	<u>(29,219,177)</u>	<u>(29,219,177)</u>	<u>(29,219,177)</u>	100%
32	General Plant	<u>(3,904,869)</u>	<u>(3,904,869)</u>	<u>(3,904,869)</u>	100%
33	Total Electric Accumulated Depreciation	<u>(35,667,257)</u>	<u>(35,667,257)</u>	<u>(35,667,257)</u>	100%
34	Allocated Common Reserve	(660,224)	(660,224)	(660,224)	100%
35	Customer Advances for Construction	(878,824)	(878,824)	(878,824)	100%
36	Adjustments	25,443	25,443	25,443	100%
37	Total Accumulated Reserve	<u>(37,180,862)</u>	<u>(37,180,862)</u>	<u>(37,180,862)</u>	100%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a development of jurisdictional separation factors for rate base for the test year and the most recent historical year.

Type of Data Shown:

Projected Test Year Ended 12/31/2008

Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Total Company	FERC Jurisdictional	FPSC Jurisdictional	Jurisdictional Factor
1	NET PLANT IN SERVICE	<u>44,256,651</u>	<u>44,256,651</u>	<u>44,256,651</u>	100%
2	CWIP:				
3	Production	-	-	-	
4	Transmission	17,692	17,692	17,692	100%
5	Distribution	57,308	57,308	57,308	100%
6	Customer Accounts	-	-	-	
7	General	-	-	-	100%
8	Customer Services	-	-	-	
9	Allocated Common	-	-	-	100%
10	Adjustments	-	-	-	100%
11	Total CWIP	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	100%
12	CWIP - NOT BEARING INTEREST				
13	Production				
14	Transmission				
15	Distribution				
16	Total CWIP Not Bearing Interest				
17	PLANT HELD FOR FUTURE USE				
18	UNAMORTIZED NUCLEAR SITE				
19	WORKING CAPITAL				
20	Net of Current Assets and Current Liabilities	706,285	706,285	706,285	100%
21	Preliminary Survey and Investigation Charges	-	-	-	
22	Prepayments	275,166	275,166	275,166	100%
23	Clearing Accounts	-	-	-	
24	Unamortized Deferred O & M	-	-	-	
25	Injuries and Damages Reserve	(1,872,787)	(1,872,787)	(1,872,787)	100%
26	Property Insurance Reserves	-	-	-	
27	Other Deferred Credits & Debits	(419,318)	(419,318)	(419,318)	100%
28	Adjustments	-	-	-	100%
29	Total Working Capital	<u>(1,310,654)</u>	<u>(1,310,654)</u>	<u>(1,310,654)</u>	100%
30					
31	Total Adjusted Rate Base	<u>43,020,997</u>	<u>43,020,997</u>	<u>43,020,997</u>	100%

Supporting Schedules: B-3 (2008), B-8 (2008), B-10 (2008)

Recap Schedules: B-1 (2008), B-2 (2008)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION Provide the depreciation rate and plant balances for each account or sub-account to which a separate depreciation rate is prescribed. (Include Amortization/Recovery schedule amounts) *

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
<u>Transmission Plant</u>									
1	352	STRUCTURES AND IMPROVEMENTS	2.0%	22,006	-	-	-	22,006	22,007
2	353	STATION EQUIPMENT	2.3%	2,414,632	-	-	-	2,414,632	2,414,632
3	354	TOWERS AND FIXTURES	2.2%	224,665	-	-	-	224,665	224,665
4	355	POLES AND FIXTURES	3.8%	2,334,273	12,582	-	15,369	2,362,224	2,346,420
5	356	OVERHEAD CONDUCTORS AND DEVICES	3.2%	1,825,626	51,100	-	-	1,876,726	1,858,642
6	359	ROADS AND TRAILS	3.9%	6,788	-	-	-	6,788	6,788
7									
8		Total Transmission Plant		6,827,990	63,682	-	15,369	6,907,041	6,873,153
9									
10									
11		<u>Distribution Plant</u>							
12									
13	361	STRUCTURES & IMPROVEMENTS	2.2%	96,042	-	-	-	96,042	96,042
14	362	STATION EQUIPMENT	3.0%	5,140,457	669,480	-	-	5,809,937	5,673,433
15	364	POLES, TOWERS, & FIXTURES	4.2%	8,513,073	479,429	(44,233)	(18,800)	8,929,469	8,717,909
16	365	OVERHEAD CONDUCTORS & DEVICES	3.8%	9,221,904	439,465	(17,263)	-	9,644,106	9,425,756
17	370	METERS	3.6%	3,282,840	202,560	(150,813)	-	3,334,587	3,335,843
18	3601	LAND RIGHTS	1.9%	21,388	-	-	-	21,388	21,388
19	3662	UNDERGROUND CONDUIT - BURIED	2.0%	2,372,922	206,847	(4,474)	-	2,575,295	2,447,327
20	3672	UNDERGROUND COND & DEVICES - BURIED	2.9%	4,410,932	468,540	(24,009)	-	4,855,463	4,639,024
21	3681	LINE TRANSFORMERS - OVERHEAD	4.2%	6,859,712	231,161	(42,121)	-	7,048,752	6,942,955
22	3683	LINE TRANSFORMERS - BURIED	4.2%	5,816,534	196,008	(35,715)	-	5,976,827	5,887,118
23	3691	OVERHEAD SERVICES	3.8%	3,964,464	200,360	(4,221)	-	4,160,603	4,057,492
24	3693	UNDERGROUND SERVICES - BURIED	3.8%	3,857,485	194,953	(4,108)	-	4,048,330	3,948,002
25	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	6.1%	1,203,134	188,375	(29,454)	2,253	1,364,308	1,271,529
26	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	6.1%	629,198	98,514	(15,404)	1,178	713,486	664,967
27	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	5.6%	619,468	36,608	(11,040)	-	645,036	632,805
28	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	5.6%	533,186	31,509	(9,502)	-	555,193	544,665
29									
30		Total Distribution Plant		56,542,739	3,643,809	(392,357)	(15,369)	59,778,822	58,306,255

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION Provide the depreciation rate and plant balances for each account or sub-account to which a separate depreciation rate is prescribed. (Include Amortization/Recovery schedule amounts) *

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
31		<u>General Plant</u>							
32									
33	390	STRUCTURES AND IMPROVEMENTS	2.0%	1,416,136	25,070	-	-	1,441,206	1,434,312
34	396	POWER OPERATED EQUIPMENT	6.3%	111,618	-	-	82,717	194,335	124,344
35	397	COMMUNICATION EQUIPMENT	20.0%	155,351	-	(11,320)	-	144,031	95,794
36	398	MISCELLANEOUS EQUIPMENT	14.3%	16,987	3,235	-	(3,234)	16,988	18,231
37	399	MISCELLANEOUS TANGIBLE	20.0%	10,000	-	-	-	10,000	10,000
38	3911	OFFICE FURNITURE	14.3%	7,369	-	-	-	7,369	7,369
39	3912	OFFICE MACHINES	20.0%	28,052	-	(2,218)	-	25,834	27,447
40	3913	COMPUTER EQUIPMENT	20.0%	197,390	28,758	(42,068)	36,544	220,624	214,686
41	391305	SOFTWARE	20.0%	321,670	360,744	-	-	682,414	615,634
42	3931	STORES EQUIPMENT-FIXED	14.3%	106,918	-	-	-	106,918	106,918
43	3932	STORES EQUIPMENT-PORTABLE	14.3%	761	-	-	-	761	761
44	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	14.3%	35,928	-	-	-	35,928	35,928
45	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	14.3%	97,180	4,897	(3,330)	3,234	101,981	98,350
46	3951	LABORATORY EQUIPMENT-FIXED	14.3%	63,666	-	-	-	63,666	63,666
47	3952	LABORATORY EQUIPMENT-PORTABLE	14.3%	32,090	-	-	-	32,090	32,089
48	3973	COMMUNICATION EQUIPMENT							53,553
49									
50		Total General Plant		2,601,116	422,704	(58,936)	119,261	3,084,145	2,939,080
51									
52		<u>Transportation Equipment</u>							
53									
54									
55	3921	PASSENGER CARS	9.2%	96,020	-	-	-	96,020	96,020
56	3922	LIGHT TRUCKS & VANS	11.3%	515,969	43,751	(39,342)	39,487	559,865	512,040
57	3923	HEAVY TRUCKS	9.5%	1,912,786	354,425	(220,070)	-	2,047,141	1,799,630
58	3924	TRAILERS	4.0%	102,903	8,108	-	-	111,011	103,527
59									
60		Total Transportation Equipment		2,627,679	406,284	(259,412)	39,487	2,814,037	2,511,217
61									
62		TOTAL DEPRECIABLE PLANT IN SERVICE		68,599,524	4,536,479	(710,705)	158,748	72,584,045	70,629,706
63									
64		<u>NON-DEPRECIABLE PLANT</u>							
65									
66									
67	3501	LAND		56,519	-	-	-	56,519	56,519
68	350	LAND RIGHTS		17,629	-	-	-	17,629	17,629
69	360	DISTRIBUTION PLANT-LAND		11,072	5,431	-	-	16,503	11,490
70	389	GENERAL PLANT-LAND		72,462	-	-	-	72,462	72,462
71									
72		TOTAL NON-DEPRECIABLE PLANT		157,682	5,431	-	-	163,113	158,100
73									
74		TOTAL ELECTRIC PLANT IN SERVICE		68,757,206	4,541,910	(710,705)	158,748	72,747,158	70,787,806

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION Provide the depreciation rate and plant balances for each account or sub-account to which a separate depreciation rate is prescribed. (Include Amortization/Recovery schedule amounts) *

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
75		<u>Common Plant</u>							
76									
77	303	MISC INTANGIBLE PLANT	0.0%	1,833	-	-	-	1,833	1,833
78	389	LAND	0.0%	341,926	-	-	-	341,926	341,926
79	390	STRUCTURES & IMPROVEMENTS	2.5%	2,092,535	73,955	(52,388)	-	2,114,102	2,100,342
80	3911	OFFICE FURNITURE	4.8%	29,474	4,599	(513)	4,360	37,920	35,693
81	3912	OFFICE EQUIPMENT	7.5%	150,689	-	(8,348)	-	142,341	144,909
82	3913	COMPUTER SOFTWARE & EQUIPMENT	11.1%	753,806	158,826	(374,612)	(45,919)	492,101	582,072
83	391305	SOFTWARE	11.1%	1,865,961	33,083	(129,519)	(52,467)	1,717,058	1,844,442
84	3921	TRANSPORTATION - AUTOMOBILES	11.3%	93,106	32,553	-	(41,532)	84,127	81,023
85	3922	TRANSPORTATION - PICKUPS & VANS	8.2%	49,436	75,233	-	-	124,669	111,612
86	397	COMMUNICATION EQUIPMENT	7.8%	113,896	-	-	3,059	116,955	114,254
87	398	MISCELLANEOUS EQUIPM	6.0%	2,190	4,566	-	-	6,776	2,543
88	399	MISC-TANGIBLE ASSETS	20.0%	12,789	10,180	-	-	22,969	17,491
89									
90		Total Common Plant		5,507,641	393,015	(565,380)	(132,499)	5,202,777	5,378,140
91									
92		<u>AS ALLOCATED (Electric Division)</u>							
93			Allocation Percent						
94									
95	303	MISC INTANGIBLE PLANT	30.0%	550	-	-	-	550	550
96	389	LAND	30.0%	102,578	-	-	-	102,578	102,578
97	390	STRUCTURES & IMPROVEMENTS	30.0%	627,761	22,187	(15,716)	-	634,231	630,103
98	3911	OFFICE FURNITURE	30.0%	8,842	1,380	(154)	1,308	11,376	10,708
99	3912	OFFICE EQUIPMENT	30.0%	45,207	-	(2,504)	-	42,702	43,473
100	3913	COMPUTER SOFTWARE & EQUIPMENT	29.0%	218,604	46,060	(108,637)	(13,317)	142,709	168,801
101	391305	SOFTWARE	29.0%	541,129	9,594	(37,561)	(15,215)	497,947	534,888
102	3921	TRANSPORTATION - AUTOMOBILES	30.0%	27,932	9,766	-	(12,460)	25,238	24,307
103	3922	TRANSPORTATION - PICKUPS & VANS	30.0%	14,831	22,570	-	-	37,401	33,484
104	397	COMMUNICATION EQUIPMENT	30.0%	34,169	-	-	918	35,087	34,276
105	398	MISCELLANEOUS EQUIPM	30.0%	657	1,376	-	-	2,033	763
106	399	MISC-TANGIBLE ASSETS	30.0%	3,837	3,054	-	-	6,891	5,247
107									
108		Total Allocated Common Plant		1,626,095	115,985	(164,573)	(38,766)	1,538,742	1,589,177
109									
110									
111		TOTAL PLANT BALANCE		70,383,301	4,657,895	(875,278)	119,982	74,285,900	72,376,982
112									

Note: Electric Depreciation rates per Docket No. 020853-EI, Order NO. PSC-03-1473-PAA-EI. Amortization per Rule 25- 6.0142, List of Retirement Units (Electrical Plant). Common Depreciation rates per Docket No. 040352-GU, Order NO. PSC-04-1045-PAA-GU.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION Provide the depreciation rate and plant balances for each account or sub-account to which a separate depreciation rate is prescribed. (Include Amortization/Recovery schedule amounts) *

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
<u>Transmission Plant</u>									
1	352	STRUCTURES AND IMPROVEMENTS	2.0%	-	-	-	-	-	22,007
2	353	STATION EQUIPMENT	2.3%	-	26,400	-	-	26,400	2,432,632
3	354	TOWERS AND FIXTURES	2.2%	22,006	-	-	-	22,006	224,665
4	355	POLES AND FIXTURES	3.8%	2,414,632	-	-	-	2,414,632	2,362,223
5	356	OVERHEAD CONDUCTORS AND DEVICES	3.2%	224,665	-	-	-	224,665	1,876,726
6	359	ROADS AND TRAILS	3.9%	2,362,224	-	-	-	2,362,224	6,788
7									
8		Total Transmission Plant		6,907,041	26,400	-	-	5,049,927	6,925,041
9									
10									
11		<u>Distribution Plant</u>							
12									
13	361	STRUCTURES & IMPROVEMENTS	2.2%	96,042	-	-	-	96,042	96,042
14	362	STATION EQUIPMENT	3.0%	5,809,935	1,327,090	(105,616)	-	7,031,409	6,147,277
15	364	POLES, TOWERS, & FIXTURES	4.2%	8,929,466	633,967	(44,918)	-	9,518,515	9,179,729
16	365	OVERHEAD CONDUCTORS & DEVICES	3.8%	9,644,105	393,146	(21,437)	-	10,015,814	9,808,726
17	370	METERS	3.6%	3,334,588	197,721	(67,506)	-	3,464,803	3,405,846
18	3601	LAND RIGHTS	1.9%	21,388	-	-	-	21,388	21,388
19	3662	UNDERGROUND CONDUIT - BURIED	2.0%	2,575,294	507,552	(760)	-	3,082,086	2,819,862
20	3672	UNDERGROUND COND & DEVICES - BURIED	2.9%	4,855,464	611,348	(19,217)	-	5,447,595	5,133,083
21	3681	LINE TRANSFORMERS - OVERHEAD	4.2%	7,083,258	210,559	(41,576)	-	7,252,241	7,164,456
22	3683	LINE TRANSFORMERS - BURIED	4.2%	5,942,323	320,800	(28,512)	-	6,234,611	6,132,285
23	3691	OVERHEAD SERVICES	3.8%	4,119,162	135,200	(6,422)	-	4,247,940	4,179,050
24	3693	UNDERGROUND SERVICES - BURIED	3.8%	4,089,770	165,600	(5,560)	-	4,249,810	4,178,541
25	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	6.1%	1,317,448	75,262	(28,157)	-	1,364,553	1,343,076
26	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	6.1%	760,348	45,008	(19,380)	-	785,976	772,679
27	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	5.6%	635,932	27,600	(7,962)	-	655,570	647,303
28	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	5.6%	564,297	10,800	(4,748)	-	570,349	567,620
29									
30		Total Distribution Plant		59,778,820	4,661,653	(401,771)	-	64,038,702	61,596,962

FLORIDA PUBLIC SERVICE COMMISSION

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Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
31		<u>General Plant</u>							
32									
33	390	STRUCTURES AND IMPROVEMENTS	2.0%	1,441,206	2,100	(136)	-	1,443,170	1,442,573
34	396	POWER OPERATED EQUIPMENT	6.3%	194,335	-	(1,088)	-	193,247	193,958
35	397	COMMUNICATION EQUIPMENT	20.0%	144,030	-	(3,720)	-	140,310	142,742
36	398	MISCELLANEOUS EQUIPMENT	14.3%	16,987	-	(1,064)	-	15,923	16,619
37	399	MISCELLANEOUS TANGIBLE	20.0%	10,000	35,000	-	-	45,000	15,385
38	3911	OFFICE FURNITURE	14.3%	7,369	-	-	-	7,369	7,369
39	3912	OFFICE MACHINES	20.0%	25,835	29,000	(1,984)	-	52,851	28,456
40	3913	COMPUTER EQUIPMENT	20.0%	220,624	64,025	(17,785)	-	266,864	242,910
41	391305	SOFTWARE	20.0%	682,414	234,034	-	-	916,448	777,807
42	3931	STORES EQUIPMENT-FIXED	14.3%	106,918	56,000	(20,488)	-	142,430	123,543
43	3932	STORES EQUIPMENT-PORTABLE	14.3%	761	-	-	-	761	761
44	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	14.3%	35,928	-	(304)	-	35,624	35,823
45	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	14.3%	101,982	-	(2,525)	-	99,457	101,109
46	3951	LABORATORY EQUIPMENT-FIXED	14.3%	63,666	-	(96)	-	63,570	63,633
47	3952	LABORATORY EQUIPMENT-PORTABLE	14.3%	32,089	-	(1,288)	-	30,801	31,643
48	3973	COMMUNICATION EQUIPMENT	-	-	-	-	-	-	-
49									
50		Total General Plant		3,084,144	420,159	(50,478)	-	3,453,825	3,224,330
51									
52		<u>Transportation Equipment</u>							
53									
54									
55	3921	PASSENGER CARS	9.2%	96,020	20,000	-	-	116,020	103,712
56	3922	LIGHT TRUCKS & VANS	11.3%	559,864	40,500	(25,212)	-	575,152	570,035
57	3923	HEAVY TRUCKS	9.5%	2,047,143	320,637	(141,372)	-	2,226,408	2,090,944
58	3924	TRAILERS	4.0%	111,011	-	-	-	111,011	111,011
59									
60		Total Transportation Equipment		2,814,038	381,137	(166,584)	-	3,028,591	2,875,703
61									
62		TOTAL DEPRECIABLE PLANT IN SERVICE		72,584,043	5,489,349	(618,833)	-	75,571,045	74,622,036
63									
64									
65		<u>NON-DEPRECIABLE PLANT</u>							
66									
67	350	LAND	0.0%	17,629	-	-	-	17,629	17,629
68	3501	LAND RIGHTS	0.0%	56,519	-	-	-	56,519	56,519
69	360	DISTRIBUTION PLANT - LAND	0.0%	16,503	-	-	-	16,503	16,503
70	389	GENERAL PLANT-LAND	0.0%	72,462	-	-	-	72,462	72,462
71									
72		TOTAL NON-DEPRECIABLE PLANT		163,113	-	-	-	163,113	163,113
73									
74		TOTAL ELECTRIC PLANT IN SERVICE		72,747,156	5,489,349	(618,833)	-	75,734,158	74,785,149

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
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Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
75		Common Plant							
76									
77	303	MISC INTANGIBLE PLANT	0.0%	1,833	-	-	-	1,833	1,833
78	389	LAND	0.0%	341,926	-	-	-	341,926	341,926
79	390	STRUCTURES & IMPROVEMENTS	2.5%	2,114,103	249,375	(30,000)	-	2,333,478	2,209,192
80	3911	OFFICE FURNITURE	4.8%	37,920	7,800	-	-	45,720	40,674
81	3912	OFFICE EQUIPMENT	7.5%	142,340	5,193	-	-	147,533	144,350
82	3913	COMPUTER SOFTWARE & EQUIPMENT	11.1%	492,102	453,959	(13,604)	(100,000)	832,457	673,258
83	391305	SOFTWARE	11.1%	1,717,058	370,684	-	-	2,087,742	1,830,266
84	3921	TRANSPORTATION - AUTOMOBILES	11.3%	84,127	-	-	-	84,127	84,127
85	3922	TRANSPORTATION - PICKUPS & VANS	8.2%	124,669	35,050	-	(30,912)	128,807	126,579
86	397	COMMUNICATION EQUIPMENT	7.8%	116,955	-	-	-	116,955	116,955
87	398	MISCELLANEOUS EQUIPM	6.0%	6,776	-	-	-	6,776	6,776
88	399	MISC-TANGIBLE ASSETS	20.0%	22,969	5,000	-	-	27,969	23,354
89									
90		Total Common Plant		5,202,778	1,127,061	(43,604)	(130,912)	6,155,323	5,599,289
91									
92			Allocation						
93		AS ALLOCATED (Electric Division)	Percent						
94									
95	303	MISC INTANGIBLE PLANT	28%	513	-	-	-	513	513
96	389	LAND	28%	95,739	-	-	-	95,739	95,739
97	390	STRUCTURES & IMPROVEMENTS	28%	591,949	69,825	(8,400)	-	653,374	618,574
98	3911	OFFICE FURNITURE	28%	10,618	2,184	-	-	12,802	11,389
99	3912	OFFICE EQUIPMENT	28%	39,855	1,454	-	-	41,309	40,418
100	3913	COMPUTER SOFTWARE & EQUIPMENT	29%	142,710	131,648	(3,945)	(29,000)	241,413	195,245
101	391305	SOFTWARE	29%	497,947	107,498	-	-	605,445	530,777
102	3921	TRANSPORTATION - AUTOMOBILES	28%	23,556	-	-	-	23,556	23,556
103	3922	TRANSPORTATION - PICKUPS & VANS	28%	34,907	9,814	-	(8,655)	36,066	35,442
104	397	COMMUNICATION EQUIPMENT	28%	32,747	-	-	-	32,747	32,747
105	398	MISCELLANEOUS EQUIPM	28%	1,897	-	-	-	1,897	1,897
106	399	MISC-TANGIBLE ASSETS	28%	6,431	1,400	-	-	7,831	6,539
107									
108		Total Allocated Common Plant		1,478,869	323,824	(12,345)	(37,655)	1,752,692	1,592,836
109									
110									
111		TOTAL PLANT BALANCE		74,226,025	5,813,173	(631,178)	(37,655)	77,486,850	76,377,985

Note:

Electric Depreciation rates per Docket No. 020853-EI, Order NO. PSC-03-1473-PAA-EI. Amortization per Rule 25- 6.0142, List of Retirement Units (Electrical Plant). Common Depreciation rates per Docket No. 040352-GU, Order NO. PSC-04-1045-PAA-GU.*

* Indicate Order No. and Docket No. for currently prescribed depreciation rates. If composite depreciation rates are being used, supportive documentation is required to be submitted showing the derivation of the compositing. If a change in depreciation rates or dismantlement accrual is being proposed, supportive documentation is required to be submitted pursuant to Rule 25-6.0436 (5) and (7)(c), Florida Administrative Code.

** If data shown represents a historical calendar year, the related annual status report may be substituted for this schedule.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION Provide the depreciation rate and plant balances for each account or sub-account to which a separate depreciation rate is prescribed. (Include Amortization/Recovery schedule amounts) *

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account Number	(3) Account/ Sub-account Title	(4) Depreciation Rate*	(5) Plant Balance Beg. of Year	(6) Total Plant Added	(7) Total Plant Retired	(8) Adjustments or Transfers	(9) Plant Balance End of Year	(10) 13-Month Average
<u>Transmission Plant</u>									
1	352	STRUCTURES AND IMPROVEMENTS	2.0%	-	6,000	-	-	6,000	25,238
2	353	STATION EQUIPMENT	2.3%	26,400	-	-	-	26,400	2,441,032
3	354	TOWERS AND FIXTURES	2.2%	22,006	-	-	-	22,006	224,665
4	355	POLES AND FIXTURES	3.8%	2,414,632	-	(18,000)	-	2,396,632	2,352,531
5	356	OVERHEAD CONDUCTORS AND DEVICES	3.2%	224,665	220,000	-	-	444,665	1,998,264
6	359	ROADS AND TRAILS	3.9%	2,362,224	-	-	-	2,362,224	6,788
7									
8		Total Transmission Plant		6,933,441	226,000	(18,000)	-	5,257,927	7,048,518
9									
10									
11		<u>Distribution Plant</u>							
12									
13	361	STRUCTURES & IMPROVEMENTS	2.2%	96,042	-	-	-	96,042	96,042
14	362	STATION EQUIPMENT	3.0%	7,031,409	210,000	(158,424)	-	7,082,985	7,069,889
15	364	POLES, TOWERS, & FIXTURES	4.2%	9,518,515	529,000	(54,012)	-	9,993,503	9,770,047
16	365	OVERHEAD CONDUCTORS & DEVICES	3.8%	10,015,814	411,000	(25,776)	-	10,401,038	10,205,464
17	370	METERS	3.6%	3,464,803	235,400	(74,611)	-	3,625,592	3,539,542
18	3601	LAND RIGHTS	1.9%	21,388	-	-	-	21,388	21,388
20	3662	UNDERGROUND CONDUIT - BURIED	2.0%	3,082,086	466,800	(1,140)	-	3,547,746	3,251,454
21	3672	UNDERGROUND COND & DEVICES - BURIED	2.9%	5,447,595	813,600	(21,564)	-	6,239,631	5,745,536
22	3681	LINE TRANSFORMERS - OVERHEAD	4.2%	7,252,241	219,100	(42,768)	-	7,428,573	7,351,188
23	3683	LINE TRANSFORMERS - BURIED	4.2%	6,234,611	368,400	(42,768)	-	6,560,243	6,443,581
24	3691	OVERHEAD SERVICES	3.8%	4,247,940	171,600	(8,340)	-	4,411,200	4,329,570
25	3693	UNDERGROUND SERVICES - BURIED	3.8%	4,249,810	270,500	(8,340)	-	4,511,970	4,387,678
26	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	6.1%	1,364,553	110,400	(21,612)	-	1,453,341	1,408,947
27	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	6.1%	785,976	22,800	(21,612)	-	787,164	796,570
28	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	5.6%	655,570	31,200	(7,120)	-	679,650	667,611
29	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	5.6%	570,349	10,800	(7,120)	-	574,029	572,190
30									
31		Total Distribution Plant		64,038,702	3,870,600	(495,207)	-	67,414,095	65,646,700

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION Provide the depreciation rate and plant balances for each account or sub-account to which a separate depreciation rate is prescribed. (Include Amortization/Recovery schedule amounts) *

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
32		<u>General Plant</u>							
33									
34	390	STRUCTURES AND IMPROVEMENTS	2.0%	1,443,170	6,000	(204)	-	1,448,966	1,445,837
35	396	POWER OPERATED EQUIPMENT	6.3%	193,247	-	(1,632)	-	191,615	192,431
36	397	COMMUNICATION EQUIPMENT	20.0%	140,310	40,000	(5,580)	-	174,730	149,828
37	398	MISCELLANEOUS EQUIPMENT	14.3%	15,923	-	(1,596)	-	14,327	15,125
38	399	MISCELLANEOUS TANGIBLE	20.0%	45,000	-	-	-	45,000	45,000
39	3911	OFFICE FURNITURE	14.3%	7,369	2,000	-	-	9,369	8,446
40	3912	OFFICE MACHINES	20.0%	52,851	1,200	(2,976)	-	51,075	52,101
41	3913	COMPUTER EQUIPMENT	20.0%	266,864	3,000	(21,660)	-	248,204	257,534
42	391305	SOFTWARE	20.0%	916,448	-	-	-	916,448	916,448
43	3931	STORES EQUIPMENT-FIXED	14.3%	142,430	-	-	-	142,430	142,430
44	3932	STORES EQUIPMENT-PORTABLE	14.3%	761	-	-	-	761	761
45	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	14.3%	35,624	-	(456)	-	35,168	35,396
46	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	14.3%	99,457	53,000	(3,785)	-	148,672	115,335
47	3951	LABORATORY EQUIPMENT-FIXED	14.3%	63,570	-	(144)	-	63,426	63,498
48	3952	LABORATORY EQUIPMENT-PORTABLE	14.3%	30,801	-	(1,932)	-	28,869	29,835
49	3973	COMMUNICATION EQUIPMENT	-	-	-	-	-	-	-
50									
51		Total General Plant		3,453,625	105,200	(39,965)	-	3,519,060	3,470,005
52									
53									
54		<u>Transportation Equipment</u>							
55									
56	3921	PASSENGER CARS	9.2%	116,020	-	-	-	116,020	116,020
57	3922	LIGHT TRUCKS & VANS	11.3%	575,152	282,500	-	-	857,652	782,883
58	3923	HEAVY TRUCKS	9.5%	2,226,408	225,000	-	-	2,451,408	2,303,331
59	3924	TRAILERS	4.0%	111,011	-	-	-	111,011	111,011
60									
61		Total Transportation Equipment		3,028,591	507,500	-	-	3,536,091	3,313,245
62									
63		TOTAL DEPRECIABLE PLANT IN SERVICE		75,571,045	4,709,300	(553,172)	-	79,727,173	79,478,468
64									
65									
66		<u>NON-DEPRECIABLE PLANT</u>							
67									
68	350	LAND	0.0%	17,629	-	-	-	17,629	17,629
69	3501	LAND RIGHTS	0.0%	56,519	-	-	-	56,519	56,519
70	360	DISTRIBUTION PLANT - LAND	0.0%	16,503	-	-	-	16,503	16,503
71	389	GENERAL PLANT-LAND	0.0%	72,462	-	-	-	72,462	72,462
72									
73		TOTAL NON-DEPRECIABLE PLANT		163,113	-	-	-	163,113	163,113
74									
75		TOTAL ELECTRIC PLANT IN SERVICE		75,734,158	4,709,300	(553,172)	-	79,890,286	79,641,581

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION Provide the depreciation rate and plant balances for each account or sub-account to which a separate depreciation rate is prescribed. (Include Amortization/Recovery schedule amounts) *

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Depreciation Rate*	(4) Plant Balance Beg. of Year	(5) Total Plant Added	(6) Total Plant Retired	(7) Adjustments or Transfers	(8) Plant Balance End of Year	(9) 13-Month Average
76		Common Plant							
77									
78	303	MISC INTANGIBLE PLANT	0.0%	1,833	-	-	-	1,833	1,833
79	389	LAND	0.0%	341,926	-	-	-	341,926	341,926
80	390	STRUCTURES & IMPROVEMENTS	2.5%	2,333,478	167,500	-	-	2,500,978	2,457,170
81	3911	OFFICE FURNITURE	4.8%	45,720	5,500	-	-	51,220	49,105
82	3912	OFFICE EQUIPMENT	7.5%	147,533	8,500	-	-	156,033	151,533
83	3913	COMPUTER SOFTWARE & EQUIPMENT	11.1%	832,457	222,000	-	(54,500)	999,957	934,573
84	391305	SOFTWARE	11.1%	2,087,742	235,000	-	-	2,322,742	2,204,280
85	3921	TRANSPORTATION - AUTOMOBILES	11.3%	84,127	-	-	-	84,127	84,127
86	3922	TRANSPORTATION - PICKUPS & VANS	8.2%	128,807	-	-	-	128,807	128,807
87	397	COMMUNICATION EQUIPMENT	7.8%	116,955	-	-	-	116,955	116,955
88	398	MISCELLANEOUS EQUIPM	6.0%	6,776	-	-	-	6,776	6,776
89	399	MISC-TANGIBLE ASSETS	20.0%	27,969	5,000	-	-	32,969	30,084
90									
91		Total Common Plant		6,155,323	643,500	-	(54,500)	6,744,323	6,507,169
92									
93			Allocation						
94		AS ALLOCATED (Electric Division)	Percent						
95									
96	303	MISC INTANGIBLE PLANT	28%	513	-	-	-	513	513
97	389	LAND	28%	95,739	-	-	-	95,739	95,739
98	390	STRUCTURES & IMPROVEMENTS	28%	653,374	46,900	-	-	700,274	688,008
99	3911	OFFICE FURNITURE	28%	12,802	1,540	-	-	14,342	13,749
100	3912	OFFICE EQUIPMENT	28%	41,309	2,380	-	-	43,689	42,429
101	3913	COMPUTER SOFTWARE & EQUIPMENT	29%	241,413	64,380	-	(15,805)	289,988	271,026
102	391305	SOFTWARE	29%	605,445	68,150	-	-	673,595	639,241
103	3921	TRANSPORTATION - AUTOMOBILES	28%	23,556	-	-	-	23,556	23,556
104	3922	TRANSPORTATION - PICKUPS & VANS	28%	36,066	-	-	-	36,066	36,066
105	397	COMMUNICATION EQUIPMENT	28%	32,747	-	-	-	32,747	32,747
106	398	MISCELLANEOUS EQUIPM	28%	1,897	-	-	-	1,897	1,897
107	399	MISC-TANGIBLE ASSETS	28%	7,831	1,400	-	-	9,231	8,424
108									
109		Total Allocated Common Plant		1,752,692	184,750	-	(15,805)	1,921,638	1,853,396
110									
111		TOTAL PLANT BALANCE		77,486,850	4,894,050	(553,172)	(15,805)	81,811,924	81,494,977
112									

Note:

Electric Depreciation rates per Docket No. 020853-EI, Order NO. PSC-03-1473-PAA-EI. Amortization per Rule 25- 6.0142, List of Retirement Units (Electrical Plant). Common Depreciation rates per Docket No. 040352-GU, Order NO. PSC-04-1045-PAA-GU.*

* Indicate Order No. and Docket No. for currently prescribed depreciation rates. If composite depreciation rates are being used, supportive documentation is required to be submitted showing the derivation of the compositing. If a change in depreciation rates or dismantlement accrual is being proposed, supportive documentation is required to be submitted pursuant to Rule 25-6.0436 (5) and (7)(c), Florida Administrative Code.

** If data shown represents a historical calendar year, the related annual status report may be substituted for this schedule.

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the monthly plant balances for each account or sub-account to which an individual depreciation rate is applied. These balances should be the ones used to compute the monthly depreciation expenses excluding any amortization/recovery schedules.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006	13-Month Average
64		COMMON PLANT														
65	303	MISC INTANGIBLE PLANT	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833
66	389	LAND	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926
67	390	STRUCTURES & IMPROVEMENTS	2,092,535	2,092,535	2,092,535	2,092,535	2,092,535	2,092,535	2,105,855	2,105,855	2,105,855	2,105,855	2,105,855	2,105,855	2,114,103	2,100,342
68	3911	OFFICE FURNITURE	29,474	29,474	34,073	34,073	33,560	37,920	37,920	37,920	37,920	37,920	37,920	37,920	37,920	35,693
69	3912	OFFICE EQUIPMENT	150,689	150,689	150,689	150,689	142,340	142,340	142,340	142,340	142,340	142,340	142,340	142,340	142,340	144,909
70	3913	COMPUTER SOFTWARE & EQUIPMENT	753,806	754,807	765,200	759,886	529,361	510,593	492,787	500,864	500,864	500,943	512,468	493,261	492,102	582,072
71	391305	SOFTWARE	1,865,961	1,865,961	1,865,961	1,865,961	1,867,535	1,867,535	1,867,535	1,869,725	1,869,725	1,869,725	1,869,725	1,715,343	1,717,058	1,844,442
72	3921	TRANSPORTATION - AUTOMOBILES	93,106	95,583	95,583	72,032	54,051	54,051	84,127	84,127	84,127	84,127	84,127	84,127	84,127	81,023
73	3922	TRANSPORTATION - PICKUPS & VANS	49,436	73,101	103,201	103,201	124,669	124,669	124,669	124,669	124,669	124,669	124,669	124,669	124,669	111,612
74	397	COMMUNICATION EQUIPMENT	113,896	113,896	113,896	113,896	113,896	113,896	113,896	113,896	113,896	113,896	113,896	115,486	116,955	114,254
75	398	MISCELLANEOUS EQUIPM	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	6,776	2,543
76	399	MISC-TANGIBLE ASSETS	12,789	12,789	17,883	17,883	17,883	17,883	17,883	17,883	17,883	17,883	17,883	17,883	22,969	17,491
77																
78		Total Common Plant	5,507,641	5,534,784	5,584,970	5,556,105	5,321,779	5,307,371	5,332,961	5,343,228	5,343,228	5,343,307	5,354,832	5,182,833	5,202,778	5,378,140
79																
80																
81		AS ALLOCATED (Electric Division)														
82	303	MISC INTANGIBLE PLANT	550	550	550	550	550	550	550	550	550	550	550	550	550	550
83	389	LAND	102,578	102,578	102,578	102,578	102,578	102,578	102,578	102,578	102,578	102,578	102,578	102,578	102,578	102,578
84	390	STRUCTURES & IMPROVEMENTS	627,761	627,761	627,761	627,761	627,761	627,761	631,757	631,757	631,757	631,757	631,757	631,757	634,231	630,103
85	3911	OFFICE FURNITURE	8,842	8,842	10,222	10,222	10,068	11,376	11,376	11,376	11,376	11,376	11,376	11,376	11,376	10,708
86	3912	OFFICE EQUIPMENT	45,207	45,207	45,207	45,207	42,702	42,702	42,702	42,702	42,702	42,702	42,702	42,702	42,702	43,473
87	3913	COMPUTER SOFTWARE & EQUIPMENT	218,604	218,894	221,908	220,367	153,515	148,072	142,908	145,251	145,251	145,273	148,616	143,046	142,710	168,801
88	391305	SOFTWARE	541,129	541,129	541,129	541,129	541,585	541,585	542,220	542,220	542,220	542,220	542,220	497,449	497,947	534,888
89	3921	TRANSPORTATION - AUTOMOBILES	27,932	28,675	28,675	21,610	16,215	25,238	25,238	25,238	25,238	25,238	25,238	25,238	25,238	24,307
90	3922	TRANSPORTATION - PICKUPS & VANS	14,831	21,930	30,960	30,960	37,401	37,401	37,401	37,401	37,401	37,401	37,401	37,401	37,401	33,484
91	397	COMMUNICATION EQUIPMENT	34,169	34,169	34,169	34,169	34,169	34,169	34,169	34,169	34,169	34,169	34,169	34,169	34,646	34,276
92	398	MISCELLANEOUS EQUIPM	657	657	657	657	657	657	657	657	657	657	657	657	2,033	763
93	399	MISC-TANGIBLE ASSETS	3,837	3,837	5,365	5,365	5,365	5,365	5,365	5,365	5,365	5,365	5,365	5,365	6,891	5,247
94																
95		Total Allocated Common Plant	1,626,095	1,634,228	1,649,179	1,640,573	1,572,565	1,568,430	1,576,285	1,579,263	1,579,263	1,579,285	1,582,628	1,532,764	1,538,742	1,589,177

Supporting Schedules:

Recap Schedules: B-1 (2006), B-3 (2006), B-6 (2006), B-7 (2006)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the monthly plant balances for each account or sub-account to which an individual depreciation rate is applied. These balances should be the ones used to compute the monthly depreciation expenses excluding any amortization/recovery schedules.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	13-Month Average
64		COMMON PLANT														
65	303	MISC INTANGIBLE PLANT	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833
66	389	LAND	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926
67	390	STRUCTURES & IMPROVEMENTS	2,114,103	2,115,062	2,115,062	2,115,062	2,162,478	2,171,178	2,195,178	2,215,178	2,225,278	2,290,478	2,333,478	2,333,478	2,333,478	2,209,192
68	3911	OFFICE FURNITURE	37,920	37,920	37,920	37,920	37,920	38,920	39,920	40,920	41,920	42,920	43,920	44,920	45,720	40,674
69	3912	OFFICE EQUIPMENT	142,340	142,340	142,340	142,340	142,340	143,090	143,840	144,590	145,340	146,090	146,840	147,533	147,533	144,350
70	3913	COMPUTER SOFTWARE & EQUIPMENT	492,102	492,102	492,102	580,956	581,569	714,934	724,934	731,934	738,934	750,934	797,934	821,457	832,457	673,258
71	391305	SOFTWARE	1,717,058	1,717,058	1,717,860	1,752,492	1,752,492	1,752,492	1,770,035	1,777,035	1,842,035	1,860,560	1,969,560	2,077,037	2,087,742	1,830,266
72	3921	TRANSPORTATION - AUTOMOBILES	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127
73	3922	TRANSPORTATION - PICKUPS & VANS	124,669	124,669	124,669	124,669	124,669	124,669	124,669	128,807	128,807	128,807	128,807	128,807	128,807	126,579
74	397	COMMUNICATION EQUIPMENT	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955
75	398	MISCELLANEOUS EQUIPM	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776
76	399	MISC-TANGIBLE ASSETS	22,969	22,969	22,969	22,969	22,969	22,969	22,969	22,969	22,969	22,969	22,969	22,969	22,969	23,354
77																
78		Total Common Plant	5,202,778	5,203,737	5,204,539	5,328,025	5,376,054	5,519,869	5,573,162	5,613,050	5,696,900	5,794,375	5,995,125	6,127,818	6,155,323	5,599,289
79																
80																
81		AS ALLOCATED (Electric Division)														
82		Allocation Rate														
82	303	MISC INTANGIBLE PLANT	28%	513	513	513	513	513	513	513	513	513	513	513	513	513
83	389	LAND	28%	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739
84	390	STRUCTURES & IMPROVEMENTS	28%	591,949	592,217	592,217	592,217	605,494	607,930	614,650	620,250	623,078	641,334	653,374	653,374	618,574
85	3911	OFFICE FURNITURE	28%	10,618	10,618	10,618	10,618	10,898	11,178	11,458	11,738	12,018	12,298	12,578	12,802	11,389
86	3912	OFFICE EQUIPMENT	28%	39,855	39,855	39,855	39,855	40,065	40,275	40,485	40,695	40,905	41,115	41,309	41,309	40,418
87	3913	COMPUTER SOFTWARE & EQUIPMENT	29%	142,710	142,710	142,710	168,477	168,655	207,331	210,231	212,261	214,291	217,771	231,401	238,223	195,245
88	391305	SOFTWARE	29%	497,947	497,947	498,179	508,223	508,223	508,223	513,310	515,340	534,190	539,562	571,172	602,341	605,445
89	3921	TRANSPORTATION - AUTOMOBILES	28%	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556
90	3922	TRANSPORTATION - PICKUPS & VANS	28%	34,907	34,907	34,907	34,907	34,907	34,907	36,066	36,066	36,066	36,066	36,066	36,066	35,442
91	397	COMMUNICATION EQUIPMENT	28%	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747
92	398	MISCELLANEOUS EQUIPM	28%	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897
93	399	MISC-TANGIBLE ASSETS	28%	6,431	6,431	6,431	6,431	6,431	6,431	6,431	6,431	6,431	6,431	6,431	7,831	6,539
94																
95		Total Allocated Common Plant	1,478,869	1,479,138	1,479,371	1,515,181	1,528,636	1,570,238	1,585,435	1,596,744	1,620,942	1,648,540	1,706,310	1,744,774	1,752,693	1,592,836

Supporting Schedules:

Recap Schedules: B-1 (2007), B-3 (2007), B-6 (2007), B-7 (2007)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the monthly plant balances for each account or sub-account to which an individual depreciation rate is applied. These balances should be the ones used to compute the monthly depreciation expenses excluding any amortization/recovery schedules.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	13-Month Average
64		COMMON PLANT														
65	303	MISC INTANGIBLE PLANT	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833
66	389	LAND	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926	341,926
67	390	STRUCTURES & IMPROVEMENTS	2,333,478	2,410,978	2,416,978	2,416,978	2,428,978	2,428,978	2,500,978	2,500,978	2,500,978	2,500,978	2,500,978	2,500,978	2,500,978	2,457,170
68	3911	OFFICE FURNITURE	45,720	45,720	47,720	48,220	48,720	49,220	49,220	49,720	50,220	50,720	50,720	51,220	51,220	49,105
69	3912	OFFICE EQUIPMENT	147,533	147,533	147,533	149,033	149,033	151,033	152,033	152,533	152,533	154,533	154,533	156,033	156,033	151,533
70	3913	COMPUTER SOFTWARE & EQUIPMENT	832,457	832,457	891,957	899,457	945,957	987,957	913,457	913,457	972,457	979,957	999,957	999,957	999,957	934,573
71	391305	SOFTWARE	2,087,742	2,087,742	2,087,742	2,127,742	2,160,242	2,160,242	2,230,242	2,255,242	2,255,242	2,255,242	2,312,742	2,312,742	2,322,742	2,204,280
72	3921	TRANSPORTATION - AUTOMOBILES	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127	84,127
73	3922	TRANSPORTATION - PICKUPS & VANS	128,807	128,807	128,807	128,807	128,807	128,807	128,807	128,807	128,807	128,807	128,807	128,807	128,807	128,807
74	397	COMMUNICATION EQUIPMENT	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955	116,955
75	398	MISCELLANEOUS EQUIPM	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776
76	399	MISC-TANGIBLE ASSETS	27,969	27,969	27,969	27,969	27,969	30,469	30,469	30,469	30,469	30,469	32,069	32,069	32,969	30,084
77																
78		Total Common Plant	6,155,323	6,232,823	6,300,323	6,349,823	6,441,323	6,468,323	6,556,823	6,582,823	6,642,323	6,652,323	6,732,323	6,734,323	6,744,323	6,507,169
79																
80																
81		AS ALLOCATED (Electric Division)														
82	303	MISC INTANGIBLE PLANT	28%	513	513	513	513	513	513	513	513	513	513	513	513	513
83	389	LAND	28%	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739	95,739
84	390	STRUCTURES & IMPROVEMENTS	28%	653,374	675,074	676,754	676,754	680,114	700,274	700,274	700,274	700,274	700,274	700,274	700,274	688,008
85	3911	OFFICE FURNITURE	28%	12,802	12,802	13,362	13,502	13,642	13,782	13,822	14,062	14,202	14,202	14,342	14,342	13,749
86	3912	OFFICE EQUIPMENT	28%	41,309	41,309	41,309	41,729	41,729	42,289	42,569	42,709	43,269	43,269	43,689	43,689	42,429
87	3913	COMPUTER SOFTWARE & EQUIPMENT	29%	241,413	241,413	258,668	260,843	274,328	280,708	264,903	264,903	282,013	284,188	289,988	289,988	271,026
88	391305	SOFTWARE	29%	605,445	605,445	605,445	617,045	626,470	626,470	646,770	654,020	654,020	654,020	670,695	670,695	639,241
89	3921	TRANSPORTATION - AUTOMOBILES	28%	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556	23,556
90	3922	TRANSPORTATION - PICKUPS & VANS	28%	38,066	38,066	38,066	38,066	38,066	38,066	38,066	38,066	38,066	38,066	38,066	38,066	38,066
91	397	COMMUNICATION EQUIPMENT	28%	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747	32,747
92	398	MISCELLANEOUS EQUIPM	28%	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897
93	399	MISC-TANGIBLE ASSETS	28%	7,831	7,831	7,831	7,831	7,831	8,531	8,531	8,531	8,531	8,531	9,231	9,231	8,424
94																
95		Total Allocated Common Plant	1,752,683	1,774,393	1,793,888	1,808,223	1,834,633	1,842,413	1,867,348	1,874,878	1,892,128	1,895,003	1,918,178	1,918,738	1,921,638	1,853,396

Supporting Schedules:

Recap Schedules: B-1 (2008), B-3 (2008), B-6 (2008), B-7 (2008)

DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB-ACCOUNT

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the depreciation reserve balances for each account or sub-account to which an individual depreciation rate is applied. (Include Amortization/Recovery schedule amounts)

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account Number	(3) Account/ Sub-account Title	(4) Accumulated Depreciation Beg. of Year	(5) Total Depreciation Accrued	(6) Retirements	(7) Net Salvage	(8) Adjustments or Transfers	(9) Accumulated Depreciation End of Year	(10) 13-Month Average
1		<u>Transmission Plant</u>							
2	3501	LAND RIGHTS	(32,540)	(1,248)	-	-	-	(33,788)	(33,164)
3	352	STRUCTURES AND IMPROVEMENTS	(9,814)	(444)	-	-	-	(10,258)	(10,036)
4	353	STATION EQUIPMENT	(553,827)	(55,536)	-	-	-	(609,363)	(581,595)
5	354	TOWERS AND FIXTURES	(162,501)	(4,944)	-	-	-	(167,445)	(164,973)
6	355	POLES AND FIXTURES	(739,611)	(89,115)	-	470	(6,822)	(835,078)	(787,408)
7	356	OVERHEAD CONDUCTORS AND DEVICES	(515,509)	(59,428)	-	-	-	(574,937)	(545,184)
8	359	ROADS AND TRAILS	(3,653)	(264)	-	-	-	(3,917)	(3,785)
9		Total Transmission Plant	(2,017,455)	(210,979)	-	470	(6,822)	(2,234,786)	(2,126,145)
10									
11		<u>Distribution Plant</u>							
12	361	STRUCTURES & IMPROVEMENTS	(28,507)	(2,112)	-	-	-	(30,619)	(29,563)
13	362	STATION EQUIPMENT	(1,103,729)	(169,862)	-	10,247	-	(1,263,343)	(1,184,368)
14	364	POLES, TOWERS, & FIXTURES	(3,765,535)	(365,410)	44,233	48,551	8,345	(4,029,815)	(3,895,313)
15	365	OVERHEAD CONDUCTORS & DEVICES	(4,649,108)	(357,485)	17,263	8,477	-	(4,980,855)	(4,816,713)
16	370	METERS	(1,783,297)	(120,095)	150,813	7,330	-	(1,745,249)	(1,773,897)
17	3601	LAND RIGHTS	(4,540)	(408)	-	-	-	(4,948)	(4,744)
18	3662	UNDERGROUND CONDUIT - BURIED	(501,130)	(48,730)	4,474	430	-	(544,956)	(524,944)
19	3672	UNDERGROUND COND & DEVICES - BURIED	(1,456,096)	(134,009)	24,009	1,234	-	(1,564,861)	(1,517,784)
20	3681	LINE TRANSFORMERS - OVERHEAD	(4,233,594)	(269,091)	38,918	3,322	-	(4,477,897)	(4,358,332)
21	3682	LINE TRANSFORMERS-DU	-	-	-	-	-	-	-
22	3683	LINE TRANSFORMERS - BURIED	(2,703,536)	(269,091)	38,918	3,323	-	(2,912,933)	(2,814,554)
23	3691	OVERHEAD SERVICES	(1,978,770)	(151,782)	4,164	6,047	-	(2,114,922)	(2,045,388)
24	3693	UNDERGROUND SERVICES - BURIED	(1,502,917)	(151,783)	4,165	6,048	-	(1,649,906)	(1,575,502)
25	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	(411,088)	(58,705)	22,429	(2,133)	(761)	(448,858)	(432,532)
26	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	(180,597)	(58,706)	22,429	(2,133)	(762)	(221,169)	(200,232)
27	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	(267,265)	(32,919)	10,271	1,593	-	(280,008)	(278,317)
28	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	(145,922)	(32,920)	10,271	1,593	-	(175,290)	(160,531)
29		Total Distribution Plant	(24,715,631)	(2,223,108)	392,357	93,929	6,822	(26,445,629)	(25,612,714)
30									
31		<u>General Plant</u>							
32	389	GENERAL PLANT-LAND	(6,704)	-	-	-	-	(6,704)	(6,704)
33	390	STRUCTURES AND IMPROVEMENTS	(435,208)	(28,676)	-	-	-	(463,884)	(449,517)
34	396	POWER OPERATED EQUIPMENT	(87,053)	(7,467)	-	-	(82,717)	(177,237)	(103,328)
35	397	COMMUNICATION EQUIPMENT	(96,470)	(7,105)	11,320	(150)	-	(122,010)	(95,804)
36	3973	COMMUNICATION EQUIPMENT	(29,606)	-	-	-	-	-	(27,955)
37	398	MISCELLANEOUS EQUIPMENT	(12,166)	(1,878)	-	-	2,105	(11,940)	(12,781)
38	3911	OFFICE FURNITURE	(6,707)	(329)	-	-	-	(7,036)	(6,872)
39	3912	OFFICE MACHINES	(24,844)	(1,110)	2,218	-	-	(23,737)	(24,790)
40	3913	COMPUTER EQUIPMENT	(159,269)	(29,159)	42,068	-	-	(146,359)	(162,156)
41	391305	SOFTWARE	(285,268)	(64,960)	-	-	-	(350,228)	(329,560)
42	3931	STORES EQUIPMENT-FIXED	(93,183)	(10,305)	-	-	-	(103,488)	(98,336)
43	3932	STORES EQUIPMENT-PORTABLE	(762)	1	-	-	-	(761)	(762)
44	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	(30,624)	(5,168)	-	-	-	(35,794)	(33,209)
45	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	(67,101)	(7,505)	3,330	-	-	(73,381)	(69,623)
46	3951	LABORATORY EQUIPMENT-FIXED	(45,101)	(8,269)	-	-	(2,105)	(53,369)	(49,235)
47	3952	LABORATORY EQUIPMENT-PORTABLE	(25,451)	(2,329)	-	-	-	(27,781)	(26,615)
48	399	MISCELLANEOUS TANGIBLE	(4,000)	(2,000)	-	-	-	(6,000)	(5,037)
49		Total General Plant	(1,409,517)	(176,259)	58,936	(150)	(82,717)	(1,609,709)	(1,502,283)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the depreciation reserve balances for each account or sub-account to which an individual depreciation rate is applied. (Include Amortization/Recovery schedule amounts)

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account Number	(3) Account/ Sub-account Title	(4) Accumulated Depreciation Beg. of Year	(5) Total Depreciation Accrued	(6) Retirements	(7) Net Salvage	(8) Adjustments or Transfers	(9) Accumulated Depreciation End of Year	(10) 13-Month Average
50		<u>Transportation Equipment</u>							
51	3921	PASSENGER CARS	(71,541)	(8,832)	-	-	-	(80,374)	(75,958)
52	3922	LIGHT TRUCKS & VANS	(314,076)	(57,416)	39,342	(3,629)	(30,080)	(365,860)	(324,795)
53	3923	HEAVY TRUCKS	(1,212,288)	(169,001)	220,070	(5,000)	-	(1,166,218)	(1,149,518)
54	3924	TRAILERS	(21,382)	(4,116)	-	-	-	(25,498)	(23,440)
55		Total Transportation Equipment	(1,619,287)	(239,365)	259,412	(8,629)	(30,080)	(1,637,950)	(1,573,711)
56		TOTAL ACCUM. PROVISION FOR DEPR.	(29,761,890)	(2,849,711)	710,705	85,620	(112,797)	(31,928,074)	(30,814,853)
57									
58		<u>COMMON PLANT</u>							
59	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-
60	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-
61	390	STRUCTURES AND IMPROVEMENTS	(429,358)	(52,476)	52,388	-	-	(429,446)	(451,527)
62	3911	OFFICE FURNITURE	(7,710)	(1,706)	513	-	(1,836)	(10,739)	(9,302)
63	3912	OFFICE MACHINES	(32,039)	(10,888)	8,348	-	-	(34,578)	(31,767)
64	3913	COMPUTER EQUIPMENT	(429,486)	(65,443)	374,612	-	(26,465)	(146,783)	(265,367)
65	391305	SOFTWARE	(1,074,344)	(205,912)	129,519	-	38,581	(1,112,156)	(1,151,997)
66	3921	PASSENGER CARS	(30,421)	(20,143)	-	-	19,003	(31,562)	(31,216)
67	3922	LIGHT TRUCKS & VANS	(15,310)	(9,064)	-	-	-	(24,374)	(19,435)
68	397	COMMUNICATION EQUIPMENT	43,091	(8,891)	-	-	(1,230)	32,969	38,506
69	398	MISCELLANEOUS EQUIPMENT	(99)	(132)	-	-	-	(231)	(165)
70	399	MISCELLANEOUS TANGIBLE	(2,497)	(1,249)	-	-	-	(3,745)	(3,121)
71		Total Common Plant	(1,978,173)	(375,904)	565,380	-	28,053	(1,760,645)	(1,925,392)
72									
73		AS ALLOCATED (Electric Division)							
74	303	MISC INTANGIBLE PLANT	30%	-	-	-	-	-	-
75	389	GENERAL PLANT-LAND	30%	-	-	-	-	-	-
76	390	STRUCTURES AND IMPROVEMENTS	30%	(128,807)	(15,743)	15,716	-	(128,834)	(135,458)
77	3911	OFFICE FURNITURE	30%	(2,313)	(512)	154	(551)	(3,222)	(2,791)
78	3912	OFFICE MACHINES	30%	(9,612)	(3,266)	2,504	-	(10,373)	(9,530)
79	3913	COMPUTER EQUIPMENT	29%	(124,551)	(18,978)	108,637	(7,675)	(42,567)	(76,956)
80	391305	SOFTWARE	29%	(311,560)	(59,714)	37,561	11,188	(322,525)	(334,079)
81	3921	PASSENGER CARS	30%	(9,126)	(6,043)	-	5,701	(9,469)	(9,365)
82	3922	LIGHT TRUCKS & VANS	30%	(4,593)	(2,719)	-	-	(7,312)	(5,830)
83	397	COMMUNICATION EQUIPMENT	30%	12,927	(2,667)	-	(369)	9,891	11,552
84	398	MISCELLANEOUS EQUIPMENT	30%	(30)	(40)	-	-	(69)	(50)
85	399	MISCELLANEOUS TANGIBLE	30%	(749)	(375)	-	-	(1,124)	(936)
86		Total Allocated Common Plant		(578,414)	(110,058)	164,573	8,295	(515,604)	(563,444)
87									
88		TOTAL DEPRECIABLE RESERVE BALANCE		(30,340,304)	(2,959,769)	875,278	85,620	(32,443,678)	(31,378,297)
89		NUCLEAR DECOMMISSIONING							
90		FOSSIL DISMANTLEMENT							
91		MISCELLANEOUS INTANGIBLES							
92		TOTAL RESERVE BALANCE		(30,340,304)	(2,959,769)	875,278	85,620	(32,443,678)	(31,378,297)

Note:

* If data shown represents a historical calendar year, the related annual status report may be substituted for this schedule.

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY:FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the depreciation reserve balances for each account or sub-account to which an individual depreciation rate is applied. (Include Amortization/Recovery schedule amounts)

Type of Data Shown:
 Prior Year 12/31/2007
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Accumulated Depreciation Beg. of Year	(4) Total Depreciation Accrued	(5) Retirements	(6) Net Salvage	(7) Adjustments or Transfers	(8) Accumulated Depreciation End of Year	(9) 13-Month Average
1		<u>Transmission Plant</u>							
2	3501	LAND RIGHTS	(33,788)	-	-	-	(33,788)	(33,788)	
3	352	STRUCTURES AND IMPROVEMENTS	(10,258)	(444)	-	-	(10,702)	(10,480)	
4	353	STATION EQUIPMENT	(609,363)	(55,937)	-	-	(665,300)	(637,270)	
5	354	TOWERS AND FIXTURES	(167,445)	(4,944)	-	-	(172,389)	(169,917)	
6	355	POLES AND FIXTURES	(835,078)	(89,760)	-	-	(924,838)	(879,958)	
7	356	OVERHEAD CONDUCTORS AND DEVICES	(574,937)	(60,060)	-	-	(634,997)	(604,967)	
8	359	ROADS AND TRAILS	(3,917)	(264)	-	-	(4,181)	(4,049)	
9		Total Transmission Plant	(2,234,786)	(211,409)	-	-	(2,446,195)	(2,340,429)	
10									
11		<u>Distribution Plant</u>							
12	361	STRUCTURES & IMPROVEMENTS	(30,619)	(2,112)	-	-	(32,731)	(31,675)	
13	362	STATION EQUIPMENT	(1,263,343)	(182,210)	105,616	7,840	(1,332,097)	(1,313,662)	
14	364	POLES, TOWERS, & FIXTURES	(4,029,815)	(384,363)	44,918	47,244	(4,322,016)	(4,181,054)	
15	365	OVERHEAD CONDUCTORS & DEVICES	(4,980,855)	(372,076)	21,437	19,810	(5,311,684)	(5,148,475)	
16	370	METERS	(1,745,249)	(122,433)	67,506	3,636	(1,796,540)	(1,774,515)	
17	3601	LAND RIGHTS	(4,948)	(408)	-	-	(5,356)	(5,152)	
18	3662	UNDERGROUND CONDUIT - BURIED	(544,956)	(55,960)	760	(56)	(600,212)	(571,817)	
19	3672	UNDERGROUND COND & DEVICES - BURIED	(1,564,861)	(148,098)	19,217	1,519	(1,692,223)	(1,628,043)	
20	3681	LINE TRANSFORMERS - OVERHEAD	(4,477,897)	(300,599)	41,576	4,106	(4,732,814)	(4,605,689)	
21	3682	LINE TRANSFORMERS-DU	-	-	-	-	-	-	
22	3683	LINE TRANSFORMERS - BURIED	(2,912,933)	(257,198)	28,512	2,816	(3,138,803)	(3,029,783)	
23	3691	OVERHEAD SERVICES	(2,114,922)	(158,586)	6,422	1,812	(2,265,274)	(2,190,577)	
24	3693	UNDERGROUND SERVICES - BURIED	(1,649,906)	(158,561)	5,560	1,568	(1,801,339)	(1,726,263)	
25	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	(448,858)	(81,818)	28,157	158	(502,361)	(474,219)	
26	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	(221,169)	(47,065)	19,380	108	(248,746)	(235,657)	
27	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	(280,008)	(36,208)	7,962	575	(307,679)	(293,653)	
28	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	(175,290)	(31,774)	4,748	344	(201,972)	(189,388)	
29		Total Distribution Plant	(26,445,629)	(2,339,469)	401,771	91,480	(28,291,847)	(27,399,623)	
30									
31		<u>General Plant</u>							
32	389	GENERAL PLANT-LAND	(6,704)	-	-	-	(6,704)	(6,704)	
33	390	STRUCTURES AND IMPROVEMENTS	(463,884)	(28,848)	136	-	(492,596)	(478,257)	
34	396	POWER OPERATED EQUIPMENT	(177,237)	(12,222)	1,088	-	(188,371)	(182,977)	
35	397	COMMUNICATION EQUIPMENT	(122,010)	(7,078)	3,720	(24)	(125,392)	(124,269)	
36	3973	COMMUNICATION EQUIPMENT	-	-	-	-	-	-	
37	398	MISCELLANEOUS EQUIPMENT	(11,940)	(1,715)	1,064	(32)	(12,623)	(12,440)	
38	3911	OFFICE FURNITURE	(7,036)	(333)	-	-	(7,369)	(7,203)	
39	3912	OFFICE MACHINES	(23,737)	(1,149)	1,984	-	(22,902)	(23,625)	
40	3913	COMPUTER EQUIPMENT	(146,359)	(22,466)	17,785	-	(151,040)	(150,021)	
41	391305	SOFTWARE	(350,228)	(79,429)	-	-	(429,657)	(389,943)	
42	3931	STORES EQUIPMENT-FIXED	(103,488)	(3,430)	20,488	-	(86,430)	(89,443)	
43	3932	STORES EQUIPMENT-PORTABLE	(761)	-	-	-	(761)	(761)	
44	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	(35,794)	(67)	304	-	(35,557)	(35,722)	
45	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	(73,381)	(6,387)	2,525	(8)	(77,251)	(75,704)	
46	3951	LABORATORY EQUIPMENT-FIXED	(53,369)	(3,432)	96	-	(56,705)	(55,052)	
47	3952	LABORATORY EQUIPMENT-PORTABLE	(27,781)	(1,257)	1,288	-	(27,750)	(27,963)	
48	399	MISCELLANEOUS TANGIBLE	(6,000)	(2,000)	-	-	(8,000)	(7,000)	
49		Total General Plant	(1,609,709)	(169,813)	50,478	(64)	(1,729,109)	(1,667,084)	

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the depreciation reserve balances for each account or sub-account to which an individual depreciation rate is applied.
 (Include Amortization/Recovery schedule amounts)

Type of Data Shown:
 Prior Year 12/31/2007
 Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account Number	(3) Account/ Sub-account Title	(4) Accumulated Depreciation Beg. of Year	(5) Total Depreciation Accrued	(6) Retirements	(7) Net Salvage	(8) Adjustments or Transfers	(9) Accumulated Depreciation End of Year	(10) 13-Month Average
50		<u>Transportation Equipment</u>							
51	3921	PASSENGER CARS	(80,374)	(9,444)	-	-	-	(89,818)	(84,908)
52	3922	LIGHT TRUCKS & VANS	(365,860)	(64,365)	25,212	(9,183)	-	(414,196)	(390,436)
53	3923	HEAVY TRUCKS	(1,166,218)	(197,571)	141,372	-	-	(1,222,417)	(1,198,626)
54	3924	TRAILERS	(25,498)	(4,440)	-	-	-	(29,938)	(27,718)
55		Total Transportation Equipment	(1,637,950)	(275,820)	166,584	(9,183)	-	(1,756,369)	(1,701,688)
56		TOTAL ACCUM. PROVISION FOR DEPR.	(31,928,074)	(2,996,511)	618,833	82,233	-	(34,223,520)	(33,108,823)
57									
58		<u>COMMON PLANT</u>							
59	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-
60	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-
61	390	STRUCTURES AND IMPROVEMENTS	(429,446)	(54,968)	30,000	-	-	(454,414)	(447,268)
62	3911	OFFICE FURNITURE	(10,739)	(1,936)	-	-	-	(12,675)	(11,677)
63	3912	OFFICE MACHINES	(34,578)	(10,808)	-	-	-	(45,386)	(39,947)
64	3913	COMPUTER EQUIPMENT	(146,783)	(73,259)	13,604	-	13,000	(193,438)	(162,655)
65	391305	SOFTWARE	(1,112,156)	(200,780)	-	-	-	(1,312,936)	(1,209,782)
66	3921	PASSENGER CARS	(31,562)	(9,504)	-	-	-	(41,066)	(36,314)
67	3922	LIGHT TRUCKS & VANS	(24,374)	(10,364)	-	-	6,000	(28,738)	(26,749)
68	397	COMMUNICATION EQUIPMENT	32,969	(9,120)	-	-	-	23,849	28,409
69	398	MISCELLANEOUS EQUIPMENT	(231)	(408)	-	-	-	(639)	(435)
70	399	MISCELLANEOUS TANGIBLE	(3,745)	(4,596)	-	-	-	(8,341)	(6,043)
71		Total Common Plant	(1,760,645)	(375,743)	43,604	-	19,000	(2,073,784)	(1,912,461)
72									
73		<u>AS ALLOCATED (Electric Division)</u>							
74	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-
75	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-
76	390	STRUCTURES AND IMPROVEMENTS	(120,245)	(15,391)	8,400	-	-	(127,236)	(125,235)
77	3911	OFFICE FURNITURE	(3,007)	(542)	-	-	-	(3,549)	(3,270)
78	3912	OFFICE MACHINES	(9,682)	(3,026)	-	-	-	(12,708)	(11,185)
79	3913	COMPUTER EQUIPMENT	(42,567)	(21,245)	3,945	-	3,770	(56,097)	(47,170)
80	391305	SOFTWARE	(322,525)	(58,226)	-	-	-	(380,751)	(350,837)
81	3921	PASSENGER CARS	(8,837)	(2,661)	-	-	-	(11,498)	(10,168)
82	3922	LIGHT TRUCKS & VANS	(6,825)	(2,902)	-	-	1,680	(8,047)	(7,490)
83	397	COMMUNICATION EQUIPMENT	9,231	(2,554)	-	-	-	6,678	7,955
84	398	MISCELLANEOUS EQUIPMENT	(65)	(114)	-	-	-	(179)	(122)
85	399	MISCELLANEOUS TANGIBLE	(1,049)	(1,287)	-	-	-	(2,335)	(1,692)
86		Total Allocated Common Plant	(505,570)	(107,948)	12,345	-	5,450	(595,723)	(549,213)
87									
88		TOTAL DEPRECIABLE RESERVE BALANCE	(32,433,644)	(3,104,459)	631,178	82,233	5,450	(34,819,243)	(33,658,036)
89		NUCLEAR DECOMMISSIONING							
90		FOSSIL DISMANTLEMENT							
91		MISCELLANEOUS INTANGIBLES							
92		TOTAL RESERVE BALANCE	(32,433,644)	(3,104,459)	631,178	82,233	5,450	(34,819,243)	(33,658,036)

Note:

* If data shown represents a historical calendar year, the related annual status report may be substituted for this schedule.

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the depreciation reserve balances for each account or sub-account to which an individual depreciation rate is applied. (Include Amortization/Recovery schedule amounts)

Type of Data Shown:
 Projected Test Year 12/31/2008
 Witness: Jim Mesite

Line No.	(1) Account/ Sub-account Number	(2) Account/ Sub-account Title	(3) Accumulated Depreciation Beg. of Year	(4) Total Depreciation Accrued	(5) Retirements	(6) Net Salvage	(7) Adjustments or Transfers	(8) Accumulated Depreciation End of Year	(9) 13-Month Average
1		<u>Transmission Plant</u>							
2	3501	LAND RIGHTS	(33,788)	-	-	-	-	(33,788)	(33,788)
3	352	STRUCTURES AND IMPROVEMENTS	(10,702)	(504)	-	-	-	(11,206)	(10,941)
4	353	STATION EQUIPMENT	(665,300)	(56,148)	-	-	-	(721,448)	(693,374)
5	354	TOWERS AND FIXTURES	(172,389)	(4,944)	-	-	-	(177,333)	(174,861)
6	355	POLES AND FIXTURES	(924,838)	(89,418)	18,000	219	-	(996,037)	(959,816)
7	356	OVERHEAD CONDUCTORS AND DEVICES	(634,997)	(63,684)	-	-	-	(698,681)	(666,118)
8	359	ROADS AND TRAILS	(4,181)	(264)	-	-	-	(4,445)	(4,313)
9		Total Transmission Plant	(2,446,195)	(214,962)	18,000	219	-	(2,642,938)	(2,543,210)
10									
11		<u>Distribution Plant</u>							
12	361	STRUCTURES & IMPROVEMENTS	(32,731)	(2,112)	-	-	-	(34,843)	(33,787)
13	362	STATION EQUIPMENT	(1,332,097)	(212,063)	158,424	11,760	-	(1,373,976)	(1,352,910)
14	364	POLES, TOWERS, & FIXTURES	(4,322,016)	(409,561)	54,012	56,808	-	(4,620,757)	(4,469,772)
15	365	OVERHEAD CONDUCTORS & DEVICES	(5,311,684)	(387,189)	25,776	23,820	-	(5,649,277)	(5,479,223)
16	370	METERS	(1,796,540)	(127,164)	74,611	4,020	-	(1,845,073)	(1,820,390)
17	3601	LAND RIGHTS	(5,356)	(408)	-	-	-	(5,764)	(5,560)
18	3662	UNDERGROUND CONDUIT - BURIED	(600,212)	(64,536)	1,140	(84)	-	(663,692)	(631,303)
19	3672	UNDERGROUND COND & DEVICES - BURIED	(1,692,223)	(165,427)	21,564	1,704	-	(1,834,382)	(1,761,876)
20	3681	LINE TRANSFORMERS - OVERHEAD	(4,732,814)	(308,480)	42,768	4,224	-	(4,994,302)	(4,862,934)
21	3682	LINE TRANSFORMERS-DU	(1)	(1)	-	-	-	-	(0)
22	3683	LINE TRANSFORMERS - BURIED	(3,138,803)	(270,222)	42,768	4,224	-	(3,362,033)	(3,249,091)
23	3691	OVERHEAD SERVICES	(2,265,274)	(164,265)	8,340	2,352	-	(2,418,847)	(2,341,586)
24	3693	UNDERGROUND SERVICES - BURIED	(1,801,339)	(166,340)	8,340	2,352	-	(1,956,987)	(1,878,362)
25	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	(502,361)	(85,720)	21,612	120	-	(566,349)	(533,941)
26	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	(248,746)	(47,976)	21,612	120	-	(274,990)	(261,862)
27	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	(307,679)	(37,330)	7,120	516	-	(337,373)	(322,424)
28	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	(201,972)	(32,034)	7,120	516	-	(226,370)	(214,156)
29		Total Distribution Plant	(28,291,851)	(2,480,827)	495,207	112,452	-	(30,165,015)	(29,219,179)
30									
31		<u>General Plant</u>							
32	389	GENERAL PLANT-LAND	(6,704)	-	-	-	-	(6,704)	(6,704)
33	390	STRUCTURES AND IMPROVEMENTS	(492,596)	(28,912)	204	-	-	(521,304)	(506,941)
34	396	POWER OPERATED EQUIPMENT	(188,371)	(12,128)	1,632	-	-	(198,867)	(193,627)
35	397	COMMUNICATION EQUIPMENT	(146,906)	(7,500)	5,580	(36)	-	(148,862)	(147,884)
36	3973	COMMUNICATION EQUIPMENT	(1)	(1)	-	-	-	-	(0)
37	398	MISCELLANEOUS EQUIPMENT	(13,291)	(276)	1,596	(48)	-	(12,019)	(12,655)
38	3911	OFFICE FURNITURE	(8,092)	-	-	-	-	(8,092)	(8,092)
39	3912	OFFICE MACHINES	(27,039)	(6,948)	2,976	-	-	(31,011)	(29,025)
40	3913	COMPUTER EQUIPMENT	(176,007)	(25,896)	21,660	-	-	(180,243)	(178,125)
41	391305	SOFTWARE	(503,481)	(126,240)	-	-	-	(629,721)	(566,601)
42	3931	STORES EQUIPMENT-FIXED	(100,440)	(11,196)	-	-	-	(111,636)	(106,038)
43	3932	STORES EQUIPMENT-PORTABLE	(869)	-	-	-	-	(869)	(869)
44	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	(40,614)	(72)	456	-	-	(40,230)	(40,422)
45	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	(85,341)	(6,384)	3,785	(12)	-	(87,952)	(86,648)
46	3951	LABORATORY EQUIPMENT-FIXED	(62,375)	(3,432)	144	-	-	(65,663)	(64,019)
47	3952	LABORATORY EQUIPMENT-PORTABLE	(31,027)	(1,260)	1,932	-	-	(30,355)	(30,691)
48	399	MISCELLANEOUS TANGIBLE	(8,587)	(9,000)	-	-	-	(17,587)	(13,087)
49		Total General Plant	(1,891,741)	(239,244)	39,965	(96)	-	(2,091,115)	(1,991,427)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the depreciation reserve balances for each account or sub-account to which an individual depreciation rate is applied. (Include Amortization/Recovery schedule amounts)

Type of Data Shown:
 Projected Test Year 12/31/2008
 Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account Number	(3) Account/ Sub-account Title	(4) Accumulated Depreciation Beg. of Year	(5) Total Depreciation Accrued	(6) Retirements	(7) Net Salvage	(8) Adjustments or Transfers	(9) Accumulated Depreciation End of Year	(10) 13-Month Average
50		<u>Transportation Equipment</u>							
51	3921	PASSENGER CARS	(89,818)	(10,668)	-	-	-	(100,486)	(95,152)
52	3922	LIGHT TRUCKS & VANS	(414,196)	(87,761)	-	-	-	(501,957)	(455,646)
53	3923	HEAVY TRUCKS	(1,222,417)	(217,643)	-	-	-	(1,440,060)	(1,330,485)
54	3924	TRAILERS	(29,938)	(4,440)	-	-	-	(34,378)	(32,158)
55		Total Transportation Equipment	(1,756,369)	(320,512)	-	-	-	(2,076,881)	(1,913,441)
56		TOTAL ACCUM. PROVISION FOR DEPR.	(34,386,156)	(3,255,545)	553,172	112,575	-	(36,975,949)	(35,667,258)
57									
58		<u>COMMON PLANT</u>							
59	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-
60	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-
61	390	STRUCTURES AND IMPROVEMENTS	(454,414)	(61,334)	-	-	-	(515,748)	(484,764.8)
62	3911	OFFICE FURNITURE	(12,875)	(2,350)	-	-	-	(15,025)	(13,828.5)
63	3912	OFFICE MACHINES	(45,386)	(11,335)	-	-	-	(56,721)	(50,997.0)
64	3913	COMPUTER EQUIPMENT	(193,438)	(103,133)	-	-	-	(296,571)	(243,517.7)
65	391305	SOFTWARE	(1,312,936)	(243,581)	-	-	-	(1,556,517)	(1,432,355.6)
66	3921	PASSENGER CARS	(41,066)	(9,504)	-	-	-	(50,570)	(45,818.0)
67	3922	LIGHT TRUCKS & VANS	(28,738)	(10,560)	-	-	-	(39,298)	(34,018.0)
68	397	COMMUNICATION EQUIPMENT	23,849	(9,120)	-	-	-	14,729	19,289.0
69	398	MISCELLANEOUS EQUIPMENT	(639)	(408)	-	-	-	(1,047)	(843.0)
70	399	MISCELLANEOUS TANGIBLE	(8,341)	(5,968)	-	-	-	(14,309)	(11,236.9)
71		Total Common Plant	(2,073,784)	(457,293)	-	-	-	(2,531,077)	(2,298,091)
72									
73		AS ALLOCATED (Electric Division)							
74	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-
75	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-
76	390	STRUCTURES AND IMPROVEMENTS	(127,236)	(17,174)	-	-	-	(144,409)	(135,734.1)
77	3911	OFFICE FURNITURE	(3,549)	(658)	-	-	-	(4,207)	(3,872.0)
78	3912	OFFICE MACHINES	(12,708)	(3,174)	-	-	-	(15,882)	(14,279.2)
79	3913	COMPUTER EQUIPMENT	(56,097)	(29,909)	-	-	-	(86,006)	(70,620.1)
80	391305	SOFTWARE	(380,751)	(70,638)	-	-	-	(451,390)	(415,383.1)
81	3921	PASSENGER CARS	(11,498)	(2,661)	-	-	-	(14,160)	(12,829.0)
82	3922	LIGHT TRUCKS & VANS	(8,047)	(2,957)	-	-	-	(11,003)	(9,525.0)
83	397	COMMUNICATION EQUIPMENT	6,678	(2,554)	-	-	-	4,124	5,400.9
84	398	MISCELLANEOUS EQUIPMENT	(179)	(114)	-	-	-	(293)	(236.0)
85	399	MISCELLANEOUS TANGIBLE	(2,335)	(1,671)	-	-	-	(4,007)	(3,146.3)
86		Total Allocated Common Plant	(595,723)	(131,509)	-	-	-	(727,233)	(660,224)
88									
88		TOTAL DEPRECIABLE RESERVE BALANCE	(34,981,879)	(3,387,054)	553,172	112,575	-	(37,703,182)	(36,327,482)
89		NUCLEAR DECOMMISSIONING							
90		FOSSIL DISMANTLEMENT							
91		MISCELLANEOUS INTANGIBLES							
92		TOTAL RESERVE BALANCE	(34,981,879)	(3,387,054)	553,172	112,575	-	(37,703,182)	(36,327,482)

Note:
 * If data shown represents a historical calendar year, the related annual status report may be substituted for this schedule.

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the monthly reserve balances for each account or sub-account to which an individual depreciation rate is applied.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Jim Measite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006	13-Month Average
1		<u>Transmission Plant</u>														
2																
3	3501	LAND RIGHTS	(32,540)	(32,644)	(32,748)	(32,852)	(32,956)	(33,060)	(33,164)	(33,268)	(33,372)	(33,476)	(33,580)	(33,684)	(33,788)	(33,164)
4	352	STRUCTURES AND IMPROVEMENTS	(9,814)	(9,851)	(9,888)	(9,925)	(9,962)	(9,999)	(10,036)	(10,073)	(10,110)	(10,147)	(10,184)	(10,221)	(10,258)	(10,036)
5	353	STATION EQUIPMENT	(553,827)	(558,455)	(563,083)	(567,711)	(572,339)	(576,967)	(581,595)	(586,223)	(590,851)	(595,479)	(600,107)	(604,735)	(609,363)	(581,595)
6	354	TOWERS AND FIXTURES	(162,501)	(162,913)	(163,325)	(163,737)	(164,149)	(164,561)	(164,973)	(165,385)	(165,797)	(166,209)	(166,621)	(167,033)	(167,445)	(164,973)
7	355	POLES AND FIXTURES	(739,611)	(747,003)	(754,395)	(761,787)	(769,179)	(776,571)	(783,963)	(791,355)	(798,747)	(806,139)	(813,531)	(820,923)	(828,315)	(787,408)
8	356	OVERHEAD CONDUCTORS AND DEVICES	(515,509)	(520,377)	(525,245)	(530,113)	(534,981)	(539,849)	(544,717)	(549,585)	(554,453)	(559,321)	(564,189)	(569,057)	(573,925)	(545,184)
9	359	ROADS AND TRAILS	(3,653)	(3,675)	(3,697)	(3,719)	(3,741)	(3,763)	(3,785)	(3,807)	(3,829)	(3,851)	(3,873)	(3,895)	(3,917)	(3,785)
10																
11		Total Transmission Plant	(2,017,455)	(2,034,918)	(2,052,473)	(2,070,028)	(2,087,113)	(2,104,668)	(2,122,045)	(2,139,649)	(2,157,253)	(2,174,857)	(2,192,461)	(2,210,065)	(2,227,669)	(2,126,145)
12																
13		<u>Distribution Plant</u>														
14																
15	361	STRUCTURES & IMPROVEMENTS	(28,507)	(28,683)	(28,859)	(29,035)	(29,211)	(29,387)	(29,563)	(29,739)	(29,915)	(30,091)	(30,267)	(30,443)	(30,619)	(29,563)
16	362	STATION EQUIPMENT	(1,103,729)	(1,116,580)	(1,129,431)	(1,142,282)	(1,155,133)	(1,167,984)	(1,180,835)	(1,193,686)	(1,206,537)	(1,219,388)	(1,232,239)	(1,245,090)	(1,257,941)	(1,180,835)
17	364	POLES, TOWERS, & FIXTURES	(3,765,535)	(3,790,453)	(3,815,371)	(3,840,289)	(3,865,207)	(3,890,125)	(3,915,043)	(3,939,961)	(3,964,879)	(3,989,797)	(4,014,715)	(4,039,633)	(4,064,551)	(3,890,125)
18	365	OVERHEAD CONDUCTORS & DEVICES	(4,849,108)	(4,874,026)	(4,898,944)	(4,923,862)	(4,948,780)	(4,973,698)	(4,998,616)	(5,023,534)	(5,048,452)	(5,073,370)	(5,098,288)	(5,123,206)	(5,148,124)	(4,948,780)
19	370	METERS	(1,783,297)	(1,792,985)	(1,802,673)	(1,812,361)	(1,822,049)	(1,831,737)	(1,841,425)	(1,851,113)	(1,860,801)	(1,870,489)	(1,880,177)	(1,889,865)	(1,899,553)	(1,831,737)
20	3601	LAND RIGHTS	(4,540)	(4,574)	(4,608)	(4,642)	(4,676)	(4,710)	(4,744)	(4,778)	(4,812)	(4,846)	(4,880)	(4,914)	(4,948)	(4,744)
21	3662	UNDERGROUND CONDUIT - BURIED	(501,130)	(505,085)	(509,040)	(512,995)	(516,950)	(520,905)	(524,860)	(528,815)	(532,770)	(536,725)	(540,680)	(544,635)	(548,590)	(528,815)
22	3672	UNDERGROUND CONDUIT & DEVICES - BURIED	(1,456,096)	(1,466,782)	(1,477,468)	(1,488,154)	(1,498,840)	(1,509,526)	(1,520,212)	(1,530,898)	(1,541,584)	(1,552,270)	(1,562,956)	(1,573,642)	(1,584,328)	(1,520,212)
23	3681	LINE TRANSFORMERS - OVERHEAD	(4,233,594)	(4,257,253)	(4,280,912)	(4,304,571)	(4,328,230)	(4,351,889)	(4,375,548)	(4,399,207)	(4,422,866)	(4,446,525)	(4,470,184)	(4,493,843)	(4,517,502)	(4,351,889)
24	3683	LINE TRANSFORMERS - BURIED	(2,703,536)	(2,723,892)	(2,744,248)	(2,764,604)	(2,784,960)	(2,805,316)	(2,825,672)	(2,846,028)	(2,866,384)	(2,886,740)	(2,907,096)	(2,927,452)	(2,947,808)	(2,784,960)
25	3691	OVERHEAD SERVICES	(1,978,770)	(1,990,366)	(2,001,962)	(2,013,558)	(2,025,154)	(2,036,750)	(2,048,346)	(2,059,942)	(2,071,538)	(2,083,134)	(2,094,730)	(2,106,326)	(2,117,922)	(2,036,750)
26	3693	UNDERGROUND SERVICES - BURIED	(1,502,917)	(1,514,871)	(1,526,825)	(1,538,779)	(1,550,733)	(1,562,687)	(1,574,641)	(1,586,595)	(1,598,549)	(1,610,503)	(1,622,457)	(1,634,411)	(1,646,365)	(1,550,733)
27	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	(411,088)	(418,181)	(425,274)	(432,367)	(439,460)	(446,553)	(453,646)	(460,739)	(467,832)	(474,925)	(482,018)	(489,111)	(496,204)	(439,460)
28	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	(180,597)	(183,650)	(186,703)	(189,756)	(192,809)	(195,862)	(198,915)	(201,968)	(205,021)	(208,074)	(211,127)	(214,180)	(217,233)	(189,756)
29	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	(267,265)	(269,983)	(272,701)	(275,419)	(278,137)	(280,855)	(283,573)	(286,291)	(289,009)	(291,727)	(294,445)	(297,163)	(300,000)	(278,137)
30	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	(145,922)	(148,380)	(150,838)	(153,296)	(155,754)	(158,212)	(160,670)	(163,128)	(165,586)	(168,044)	(170,502)	(172,960)	(175,418)	(155,754)
31																
32		Total Distribution Plant	(24,715,631)	(24,886,332)	(25,057,033)	(25,227,734)	(25,398,435)	(25,569,136)	(25,739,837)	(25,910,538)	(26,081,239)	(26,251,940)	(26,422,641)	(26,593,342)	(26,764,043)	(25,227,734)
33																
34		<u>General Plant</u>														
35																
36	389	GENERAL PLANT-LAND	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)
37	390	STRUCTURES AND IMPROVEMENTS	(435,208)	(437,569)	(439,930)	(442,291)	(444,652)	(447,013)	(449,374)	(451,735)	(454,096)	(456,457)	(458,818)	(461,179)	(463,540)	(447,013)
38	396	POWER OPERATED EQUIPMENT	(87,053)	(87,639)	(88,225)	(88,811)	(89,397)	(89,983)	(90,569)	(91,155)	(91,741)	(92,327)	(92,913)	(93,499)	(94,085)	(89,397)
39	397	COMMUNICATION EQUIPMENT	(96,470)	(96,596)	(96,722)	(96,848)	(96,974)	(97,100)	(97,226)	(97,352)	(97,478)	(97,604)	(97,730)	(97,856)	(97,982)	(96,848)
40	3973	COMMUNICATION EQUIPMENT	(29,606)	(30,314)	(31,022)	(31,730)	(32,438)	(33,146)	(33,854)	(34,562)	(35,270)	(35,978)	(36,686)	(37,394)	(38,102)	(32,438)
41	398	MISCELLANEOUS EQUIPMENT	(12,166)	(12,323)	(12,479)	(12,636)	(12,792)	(12,949)	(13,105)	(13,262)	(13,418)	(13,575)	(13,731)	(13,888)	(14,045)	(12,792)
42	3911	OFFICE FURNITURE	(6,707)	(6,735)	(6,762)	(6,790)	(6,817)	(6,844)	(6,871)	(6,898)	(6,925)	(6,952)	(6,979)	(7,006)	(7,033)	(6,817)
43	3912	OFFICE MACHINES	(24,844)	(25,065)	(25,286)	(25,507)	(25,728)	(25,949)	(26,170)	(26,391)	(26,612)	(26,833)	(27,054)	(27,275)	(27,496)	(25,507)
44	3913	COMPUTER EQUIPMENT	(159,269)	(163,963)	(168,657)	(173,351)	(178,045)	(182,739)	(187,433)	(192,127)	(196,821)	(201,515)	(206,209)	(210,903)	(215,597)	(173,351)
45	391305	SOFTWARE	(285,268)	(290,630)	(295,992)	(301,354)	(306,716)	(312,078)	(317,440)	(322,802)	(328,164)	(333,526)	(338,888)	(344,250)	(349,612)	(306,716)
46	3931	STORES EQUIPMENT-FIXED	(93,183)	(94,043)	(94,903)	(95,763)	(96,623)	(97,483)	(98,343)	(99,203)	(100,063)	(100,923)	(101,783)	(102,643)	(103,503)	(96,623)
47	3932	STORES EQUIPMENT-PORTABLE	(762)	(769)	(776)	(783)	(790)	(797)	(804)	(811)	(818)	(825)	(832)	(839)	(846)	(790)
48	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	(30,624)	(31,055)	(31,486)	(31,917)	(32,348)	(32,779)	(33,210)	(33,641)	(34,072)	(34,503)	(34,934)	(35,365)	(35,796)	(32,348)
49	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	(67,101)	(67,747)	(68,393)	(69,039)	(69,685)	(70,331)	(70,977)	(71,623)	(72,269)	(72,915)	(73,561)	(74,207)	(74,853)	(69,039)
50	3961	LABORATORY EQUIPMENT-FIXED	(45,101)	(45,790)	(46,479)	(47,168)	(47,857)	(48,546)	(49,235)	(49,924)	(50,613)	(51,302)	(51,991)	(52,680)	(53,369)	(47,168)
51	3962	LABORATORY EQUIPMENT-PORTABLE	(25,451)	(25,630)	(25,809)	(25,988)	(26,167)	(26,346)	(26,525)	(26,704)	(26,883)	(27,062)	(27,241)	(27,420)	(27,599)	(26,167)
52	399	MISCELLANEOUS TANGIBLE	(4,000)	(4,174)	(4,348)	(4,522)	(4,696)	(4,870)	(5,044)	(5,218)	(5,392)	(5,566)	(5,740)	(5,914)	(6,088)	(4,348)
53																
54		Total General Plant	(1,409,517)	(1,426,746)	(1,444,071)	(1,461,396)	(1,478,721)	(1,496,046)	(1,513,371)	(1,530,696)	(1,548,021)	(1,565,346)	(1,582,671)	(1,600,071)	(1,617,471)	(1,444,071)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the monthly reserve balances for each account or sub-account to which an individual depreciation rate is applied.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Jim Meste

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006	13-Month Average
55		<u>Transportation Equipment</u>														
56																
57	3921	PASSENGER CARS	(71,541)	(72,277)	(73,013)	(73,750)	(74,486)	(75,222)	(75,958)	(76,694)	(77,430)	(78,166)	(78,902)	(79,638)	(80,374)	(75,958)
58	3922	LIGHT TRUCKS & VANS	(314,076)	(318,935)	(323,794)	(328,653)	(332,625)	(339,124)	(343,777)	(351,190)	(356,770)	(362,473)	(368,176)	(373,879)	(379,582)	(324,795)
59	3923	HEAVY TRUCKS	(1,212,288)	(1,227,431)	(1,242,574)	(1,257,717)	(1,057,789)	(1,071,189)	(1,084,589)	(1,097,989)	(1,111,389)	(1,124,789)	(1,138,189)	(1,151,589)	(1,164,989)	(1,149,518)
60	3924	TRAILERS	(21,382)	(21,725)	(22,068)	(22,411)	(22,754)	(23,097)	(23,440)	(23,783)	(24,126)	(24,469)	(24,812)	(25,155)	(25,498)	(23,440)
61																
62		Total Transportation Equipment	(1,619,287)	(1,640,368)	(1,661,449)	(1,682,531)	(1,476,654)	(1,488,632)	(1,507,764)	(1,509,656)	(1,529,715)	(1,548,897)	(1,568,079)	(1,587,261)	(1,606,443)	(1,573,711)
63																
64		TOTAL ACCUM. PROVISION FOR DEPR.	(29,761,890)	(29,988,364)	(30,208,766)	(30,388,495)	(30,378,592)	(30,537,663)	(30,714,841)	(30,892,332)	(31,110,821)	(31,339,987)	(31,542,571)	(31,800,699)	(31,928,074)	(30,814,853)
65																
66		<u>COMMON PLANT</u>														
67																
68	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70	390	STRUCTURES AND IMPROVEMENTS	(429,358)	(433,717)	(438,076)	(442,435)	(446,794)	(451,153)	(455,512)	(459,899)	(464,286)	(468,673)	(473,060)	(477,447)	(481,834)	(451,527)
71	3911	OFFICE FURNITURE	(7,710)	(7,828)	(7,946)	(8,062)	(8,178)	(8,294)	(8,410)	(8,526)	(8,642)	(8,758)	(8,874)	(8,990)	(9,106)	(9,302)
72	3912	OFFICE MACHINES	(32,039)	(32,981)	(33,923)	(34,865)	(35,807)	(36,749)	(37,691)	(38,633)	(39,575)	(40,517)	(41,459)	(42,401)	(43,343)	(31,767)
73	3913	COMPUTER EQUIPMENT	(429,486)	(436,459)	(443,431)	(450,404)	(457,377)	(464,350)	(471,323)	(478,296)	(485,269)	(492,242)	(499,215)	(506,188)	(513,161)	(465,367)
74	391305	SOFTWARE	(1,074,344)	(1,091,604)	(1,108,864)	(1,126,124)	(1,143,384)	(1,160,644)	(1,177,904)	(1,195,200)	(1,212,504)	(1,229,799)	(1,247,094)	(1,264,389)	(1,281,684)	(1,151,997)
75	3921	PASSENGER CARS	(30,421)	(42,316)	(54,211)	(66,106)	(78,001)	(89,896)	(101,791)	(113,686)	(125,581)	(137,476)	(149,371)	(161,266)	(173,161)	(31,216)
76	3922	LIGHT TRUCKS & VANS	(15,310)	(15,648)	(15,986)	(16,324)	(16,662)	(17,000)	(17,338)	(17,676)	(18,014)	(18,352)	(18,690)	(19,028)	(19,366)	(19,435)
77	397	COMMUNICATION EQUIPMENT	43,091	42,351	41,611	40,871	40,131	39,391	38,651	37,911	37,171	36,431	35,691	34,951	34,211	38,506
78	398	MISCELLANEOUS EQUIPMENT	(89)	(110)	(121)	(132)	(143)	(154)	(165)	(176)	(187)	(198)	(209)	(220)	(231)	(165)
79	399	MISCELLANEOUS TANGIBLE	(2,487)	(2,601)	(2,705)	(2,809)	(2,913)	(3,017)	(3,121)	(3,225)	(3,329)	(3,433)	(3,537)	(3,641)	(3,745)	(3,121)
80																
81																
82		Total Common Plant	(1,978,173)	(2,020,913)	(2,052,829)	(2,068,382)	(1,849,589)	(1,860,597)	(1,872,406)	(1,900,689)	(1,930,545)	(1,960,401)	(1,990,258)	(1,784,664)	(1,760,645)	(1,925,392)
83																
84		<u>AS ALLOCATED (Electric Division)</u>														
85																
86	303	MISC INTANGIBLE PLANT	30%	-	-	-	-	-	-	-	-	-	-	-	-	-
87	389	GENERAL PLANT-LAND	30%	-	-	-	-	-	-	-	-	-	-	-	-	-
88	390	STRUCTURES AND IMPROVEMENTS	30%	(128,807)	(130,115)	(131,423)	(132,731)	(134,038)	(135,346)	(136,654)	(137,970)	(139,286)	(140,602)	(141,918)	(143,234)	(128,834)
89	3911	OFFICE FURNITURE	30%	(2,313)	(2,348)	(2,384)	(2,420)	(2,456)	(2,492)	(2,528)	(2,564)	(2,600)	(2,636)	(2,672)	(2,708)	(2,719)
90	3912	OFFICE MACHINES	30%	(9,612)	(9,894)	(10,177)	(10,460)	(10,743)	(11,026)	(11,309)	(11,592)	(11,875)	(12,158)	(12,441)	(12,724)	(9,530)
91	3913	COMPUTER EQUIPMENT	29%	(124,551)	(126,573)	(128,598)	(128,901)	(63,212)	(58,658)	(54,104)	(49,550)	(45,000)	(40,450)	(35,900)	(31,350)	(76,956)
92	391305	SOFTWARE	29%	(311,560)	(316,565)	(321,571)	(326,576)	(331,581)	(336,586)	(341,591)	(346,596)	(351,601)	(356,606)	(361,611)	(366,616)	(334,079)
93	3921	PASSENGER CARS	30%	(9,128)	(12,695)	(12,965)	(10,040)	(7,738)	(7,890)	(8,042)	(8,194)	(8,346)	(8,498)	(8,650)	(8,802)	(9,365)
94	3922	LIGHT TRUCKS & VANS	30%	(4,593)	(4,694)	(4,795)	(4,896)	(4,997)	(5,098)	(5,199)	(5,300)	(5,401)	(5,502)	(5,603)	(5,704)	(5,805)
95	397	COMMUNICATION EQUIPMENT	30%	12,927	12,705	12,483	12,261	12,039	11,817	11,595	11,373	11,151	10,929	10,707	10,485	11,552
96	398	MISCELLANEOUS EQUIPMENT	30%	(30)	(33)	(36)	(40)	(43)	(46)	(50)	(53)	(56)	(59)	(63)	(66)	(50)
97	399	MISCELLANEOUS TANGIBLE	30%	(749)	(780)	(812)	(843)	(874)	(905)	(936)	(967)	(999)	(1,030)	(1,061)	(1,092)	(936)
98																
99																
100																
101		Total Allocated Common Plant	(578,414)	(590,993)	(600,326)	(604,808)	(541,263)	(544,550)	(548,051)	(556,332)	(565,069)	(573,807)	(582,545)	(523,008)	(515,604)	(563,444)

Supporting Schedules: B-6 (2006), B-9 (2006), B-10 (2006)

Recap Schedules: B-1 (2006), B-9 (2006)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the monthly reserve balances for each account or sub-account to which an individual depreciation rate is applied.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mestite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	13-Month Average	
Transmission Plant																	
1																	
2																	
3	3501	LAND RIGHTS	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	
4	352	STRUCTURES AND IMPROVEMENTS	(10,258)	(10,295)	(10,332)	(10,369)	(10,406)	(10,443)	(10,480)	(10,517)	(10,554)	(10,591)	(10,628)	(10,665)	(10,702)	(10,480)	
5	353	STATION EQUIPMENT	(609,363)	(613,991)	(618,619)	(623,247)	(627,875)	(632,503)	(637,131)	(641,759)	(646,387)	(651,015)	(655,643)	(660,271)	(664,899)	(637,270)	
6	354	TOWERS AND FIXTURES	(167,445)	(167,857)	(168,269)	(168,681)	(169,093)	(169,505)	(169,917)	(170,329)	(170,741)	(171,153)	(171,565)	(171,977)	(172,389)	(169,917)	
7	355	POLES AND FIXTURES	(835,078)	(842,558)	(850,038)	(857,518)	(864,998)	(872,478)	(879,958)	(887,438)	(894,918)	(902,398)	(909,878)	(917,358)	(924,838)	(879,958)	
8	356	OVERHEAD CONDUCTORS AND DEVICES	(574,937)	(579,942)	(584,947)	(589,952)	(594,957)	(599,962)	(604,967)	(609,972)	(614,977)	(619,982)	(624,987)	(629,992)	(634,997)	(604,967)	
9	359	ROADS AND TRAILS	(3,917)	(3,939)	(3,961)	(3,983)	(4,005)	(4,027)	(4,049)	(4,071)	(4,093)	(4,115)	(4,137)	(4,159)	(4,181)	(4,049)	
10																	
11		Total Transmission Plant	(2,234,786)	(2,252,370)	(2,269,954)	(2,287,538)	(2,305,144)	(2,322,750)	(2,340,385)	(2,358,020)	(2,375,655)	(2,393,290)	(2,410,925)	(2,428,560)	(2,446,195)	(2,340,429)	
12																	
13	Distribution Plant																
14																	
15	361	STRUCTURES & IMPROVEMENTS	(30,619)	(30,795)	(30,971)	(31,147)	(31,323)	(31,499)	(31,675)	(31,851)	(32,027)	(32,203)	(32,379)	(32,555)	(32,731)	(31,675)	
16	362	STATION EQUIPMENT	(1,263,343)	(1,277,868)	(1,292,393)	(1,306,918)	(1,321,443)	(1,321,785)	(1,323,241)	(1,324,763)	(1,326,252)	(1,327,708)	(1,329,154)	(1,330,642)	(1,332,097)	(1,313,662)	
17	364	POLES, TOWERS, & FIXTURES	(4,029,815)	(4,061,068)	(4,092,388)	(4,113,760)	(4,136,954)	(4,159,287)	(4,181,954)	(4,204,860)	(4,227,872)	(4,251,043)	(4,274,513)	(4,298,176)	(4,322,016)	(4,181,054)	
18	365	OVERHEAD CONDUCTORS & DEVICES	(4,980,855)	(5,011,395)	(5,041,981)	(5,072,029)	(5,095,094)	(5,121,702)	(5,148,558)	(5,175,505)	(5,202,552)	(5,229,663)	(5,256,825)	(5,284,266)	(5,311,684)	(5,148,475)	
19	370	METERS	(1,745,249)	(1,755,253)	(1,765,361)	(1,768,639)	(1,766,903)	(1,770,498)	(1,774,125)	(1,777,783)	(1,781,474)	(1,785,195)	(1,788,946)	(1,792,728)	(1,796,540)	(1,774,515)	
20	3601	LAND RIGHTS	(4,948)	(4,982)	(5,016)	(5,050)	(5,084)	(5,118)	(5,152)	(5,186)	(5,220)	(5,254)	(5,288)	(5,322)	(5,356)	(5,152)	
21	3662	UNDERGROUND CONDUIT - BURIED	(544,956)	(549,248)	(553,553)	(558,070)	(562,507)	(566,864)	(571,331)	(575,825)	(580,479)	(585,146)	(590,151)	(595,175)	(600,212)	(571,817)	
22	3672	UNDERGROUND COND & DEVICES - BURIED	(1,564,861)	(1,576,595)	(1,588,454)	(1,599,161)	(1,607,123)	(1,617,183)	(1,627,372)	(1,637,858)	(1,648,214)	(1,658,777)	(1,669,896)	(1,681,047)	(1,692,223)	(1,628,043)	
23	3681	LINE TRANSFORMERS - OVERHEAD	(4,477,897)	(4,502,688)	(4,527,493)	(4,538,110)	(4,562,816)	(4,583,866)	(4,604,943)	(4,626,100)	(4,647,302)	(4,668,601)	(4,689,955)	(4,711,371)	(4,732,814)	(4,605,689)	
24	3683	LINE TRANSFORMERS - BURIED	(2,912,933)	(2,933,731)	(2,954,575)	(2,975,911)	(2,997,267)	(3,018,696)	(3,032,346)	(3,049,973)	(3,067,576)	(3,085,366)	(3,103,132)	(3,120,874)	(3,138,803)	(3,029,783)	
25	3691	OVERHEAD SERVICES	(2,114,922)	(2,127,966)	(2,141,043)	(2,153,788)	(2,166,142)	(2,178,401)	(2,190,698)	(2,203,033)	(2,215,406)	(2,227,817)	(2,240,265)	(2,252,751)	(2,265,274)	(2,190,577)	
26	3693	UNDERGROUND SERVICES - BURIED	(1,649,906)	(1,662,857)	(1,675,874)	(1,688,932)	(1,702,069)	(1,714,352)	(1,726,673)	(1,739,029)	(1,751,421)	(1,763,848)	(1,776,310)	(1,788,807)	(1,801,339)	(1,726,263)	
27	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	(448,858)	(455,555)	(462,291)	(469,204)	(476,018)	(482,997)	(490,094)	(497,009)	(504,043)	(511,095)	(518,165)	(525,254)	(532,361)	(474,219)	
28	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	(221,169)	(225,034)	(228,898)	(228,190)	(231,591)	(233,591)	(235,656)	(237,707)	(239,916)	(242,137)	(244,349)	(246,552)	(248,746)	(235,657)	
29	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	(280,008)	(282,976)	(285,959)	(285,915)	(288,515)	(290,890)	(293,271)	(295,658)	(298,051)	(300,449)	(302,853)	(305,263)	(307,679)	(293,653)	
30	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	(175,290)	(177,923)	(180,559)	(183,199)	(185,840)	(187,852)	(189,862)	(191,876)	(193,891)	(195,909)	(197,928)	(199,949)	(201,972)	(189,388)	
31																	
32		Total Distribution Plant	(26,445,629)	(26,635,934)	(26,826,909)	(26,962,023)	(27,122,689)	(27,264,586)	(27,408,821)	(27,553,816)	(27,699,695)	(27,846,211)	(27,994,207)	(28,142,732)	(28,291,847)	(27,399,623)	
33																	
34	General Plant																
35																	
36	389	GENERAL PLANT-LAND	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	
37	390	STRUCTURES AND IMPROVEMENTS	(463,884)	(466,286)	(468,688)	(471,090)	(473,492)	(475,880)	(478,268)	(480,656)	(483,044)	(485,432)	(487,820)	(490,208)	(492,596)	(478,257)	
38	396	POWER OPERATED EQUIPMENT	(177,237)	(178,257)	(179,277)	(180,297)	(181,317)	(182,201)	(183,085)	(183,968)	(184,850)	(185,731)	(186,612)	(187,492)	(188,371)	(182,977)	
39	397	COMMUNICATION EQUIPMENT	(122,010)	(122,600)	(123,190)	(123,779)	(124,369)	(124,977)	(125,565)	(126,153)	(126,741)	(127,329)	(127,917)	(128,505)	(129,093)	(124,269)	
40	3973	COMMUNICATION EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
41	398	MISCELLANEOUS EQUIPMENT	(11,940)	(12,083)	(12,226)	(12,369)	(12,512)	(12,526)	(12,540)	(12,554)	(12,568)	(12,582)	(12,596)	(12,609)	(12,623)	(12,440)	
42	3911	OFFICE FURNITURE	(7,036)	(7,064)	(7,092)	(7,119)	(7,147)	(7,175)	(7,203)	(7,230)	(7,258)	(7,286)	(7,314)	(7,342)	(7,369)	(7,203)	
43	3912	OFFICE MACHINES	(23,737)	(23,833)	(23,928)	(24,024)	(24,120)	(23,968)	(23,815)	(23,663)	(23,511)	(23,359)	(23,206)	(23,054)	(22,902)	(23,625)	
44	3913	COMPUTER EQUIPMENT	(146,359)	(148,231)	(150,103)	(148,631)	(150,503)	(150,570)	(150,637)	(150,704)	(150,772)	(150,839)	(150,906)	(150,973)	(151,040)	(150,921)	
45	391305	SOFTWARE	(350,228)	(356,847)	(363,466)	(370,085)	(376,704)	(383,324)	(389,943)	(396,562)	(403,181)	(409,800)	(416,419)	(423,038)	(429,657)	(389,943)	
46	3931	STORES EQUIPMENT-FIXED	(103,488)	(103,774)	(104,060)	(83,857)	(84,143)	(84,429)	(84,715)	(85,001)	(85,286)	(85,572)	(85,858)	(86,144)	(86,430)	(86,443)	
47	3932	STORES EQUIPMENT-PORTABLE	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	
48	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	(35,794)	(35,800)	(35,805)	(35,811)	(35,816)	(35,784)	(35,752)	(35,719)	(35,687)	(35,654)	(35,622)	(35,590)	(35,557)	(35,722)	
49	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	(73,381)	(73,913)	(74,445)	(74,978)	(75,510)	(75,728)	(75,947)	(76,165)	(76,382)	(76,600)	(76,817)	(77,034)	(77,251)	(75,704)	
50	3951	LABORATORY EQUIPMENT-FIXED	(53,369)	(53,655)	(53,941)	(54,227)	(54,513)	(54,787)	(55,061)	(55,335)	(55,609)	(55,883)	(56,157)	(56,431)	(56,705)	(55,052)	
51	3952	LABORATORY EQUIPMENT-PORTABLE	(27,781)	(27,886)	(27,990)	(28,095)	(28,200)	(28,144)	(28,087)	(28,031)	(27,975)	(27,918)	(27,862)	(27,806)	(27,750)	(27,963)	
52	399	MISCELLANEOUS TANGIBLE	(6,000)	(6,167)	(6,333)	(6,500)	(6,667)	(6,833)	(7,000)	(7,167)	(7,333)	(7,500)	(7,667)	(7,833)	(8,000)	(6,000)	
53																	
54		Total General Plant	(1,609,709)	(1,623,860)	(1,638,010)	(1,628,328)	(1,642,479)	(1,653,310)	(1,664,142)	(1,674,973)	(1,685,801)	(1,696,629)	(1,707,457)	(1,718,283)	(1,729,109)	(1,667,084)	

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the monthly reserve balances for each account or sub-account to which an individual depreciation rate is applied.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Jim Meale

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	13-Month Average
55		Transportation Equipment														
56																
57	3921	PASSENGER CARS	(80,374)	(81,110)	(81,846)	(82,582)	(83,318)	(84,054)	(84,790)	(85,526)	(86,262)	(87,151)	(88,040)	(88,929)	(89,818)	(84,908)
58	3922	LIGHT TRUCKS & VANS	(365,860)	(371,132)	(376,404)	(381,676)	(386,948)	(392,220)	(397,492)	(387,116)	(392,532)	(397,948)	(403,364)	(408,780)	(414,196)	(390,436)
59	3923	HEAVY TRUCKS	(1,186,218)	(1,182,425)	(1,198,637)	(1,214,849)	(1,231,061)	(1,247,273)	(1,263,485)	(1,138,325)	(1,154,605)	(1,170,885)	(1,187,165)	(1,204,791)	(1,222,417)	(1,198,626)
60	3924	TRAILERS	(25,498)	(25,868)	(26,238)	(26,608)	(26,978)	(27,348)	(27,718)	(28,088)	(28,458)	(28,828)	(29,198)	(29,568)	(29,938)	(27,718)
61																
62		Total Transportation Equipment	(1,637,950)	(1,660,535)	(1,683,125)	(1,705,715)	(1,728,305)	(1,750,895)	(1,773,485)	(1,639,955)	(1,661,857)	(1,684,812)	(1,707,767)	(1,732,068)	(1,756,369)	(1,701,688)
63																
64		TOTAL ACCUM. PROVISION FOR DEPR.	(31,928,074)	(32,172,699)	(32,417,998)	(32,583,604)	(32,798,617)	(32,991,541)	(33,186,833)	(33,225,864)	(33,423,008)	(33,620,942)	(33,820,356)	(34,021,643)	(34,223,520)	(33,108,823)
65																
66		COMMON PLANT														
67																
68	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70	390	STRUCTURES AND IMPROVEMENTS	(429,446)	(433,850)	(438,256)	(442,662)	(447,068)	(451,473)	(455,879)	(453,669)	(458,284)	(454,920)	(444,692)	(449,563)	(454,414)	(447,268)
71	3911	OFFICE FURNITURE	(10,739)	(10,891)	(11,043)	(11,195)	(11,347)	(11,499)	(11,651)	(11,815)	(11,979)	(12,147)	(12,319)	(12,495)	(12,675)	(11,677)
72	3912	OFFICE MACHINES	(34,578)	(35,468)	(36,358)	(37,248)	(38,138)	(39,028)	(39,922)	(40,821)	(41,725)	(42,633)	(43,546)	(44,464)	(45,386)	(39,947)
73	3913	COMPUTER EQUIPMENT	(146,783)	(151,335)	(155,887)	(160,439)	(164,991)	(169,543)	(174,095)	(178,647)	(183,199)	(187,751)	(192,303)	(196,855)	(201,407)	(162,655)
74	391305	SOFTWARE	(1,112,156)	(1,128,039)	(1,143,922)	(1,159,805)	(1,175,688)	(1,191,571)	(1,207,454)	(1,223,337)	(1,239,220)	(1,255,103)	(1,270,986)	(1,286,869)	(1,302,752)	(1,209,782)
75	3921	PASSENGER CARS	(31,562)	(32,354)	(33,146)	(33,938)	(34,730)	(35,522)	(36,314)	(37,106)	(37,898)	(38,690)	(39,482)	(40,274)	(41,066)	(36,314)
76	3922	LIGHT TRUCKS & VANS	(24,374)	(25,226)	(26,078)	(26,930)	(27,782)	(28,634)	(29,486)	(24,338)	(25,218)	(26,098)	(26,978)	(27,858)	(28,738)	(26,749)
77	397	COMMUNICATION EQUIPMENT	32,969	32,209	31,449	30,689	29,929	29,169	28,409	27,649	26,889	26,129	25,369	24,609	23,849	28,409
78	398	MISCELLANEOUS EQUIPMENT	(231)	(265)	(299)	(333)	(367)	(401)	(435)	(469)	(503)	(537)	(571)	(605)	(639)	(435)
79	399	MISCELLANEOUS TANGIBLE	(3,745)	(4,128)	(4,511)	(4,894)	(5,277)	(5,660)	(6,043)	(6,426)	(6,809)	(7,192)	(7,575)	(7,958)	(8,341)	(6,043)
80																
81		Total Common Plant	(1,760,645)	(1,789,347)	(1,818,051)	(1,833,993)	(1,863,012)	(1,892,971)	(1,911,189)	(1,929,721)	(1,961,461)	(1,985,896)	(2,003,758)	(2,038,161)	(2,073,784)	(1,912,461)
82																
83																
84		AS ALLOCATED (Electric Division)														
85																
86	303	MISC INTANGIBLE PLANT	28%	-	-	-	-	-	-	-	-	-	-	-	-	-
87	389	GENERAL PLANT-LAND	28%	-	-	-	-	-	-	-	-	-	-	-	-	-
88	390	STRUCTURES AND IMPROVEMENTS	28%	(120,245)	(121,478)	(122,712)	(123,945)	(125,179)	(126,440)	(127,707)	(127,027)	(128,320)	(127,378)	(124,514)	(125,875)	(127,236)
89	3911	OFFICE FURNITURE	28%	(3,007)	(3,049)	(3,092)	(3,135)	(3,177)	(3,220)	(3,263)	(3,308)	(3,354)	(3,401)	(3,448)	(3,498)	(3,549)
90	3912	OFFICE MACHINES	28%	(9,582)	(9,931)	(10,180)	(10,429)	(10,679)	(10,928)	(11,178)	(11,430)	(11,683)	(11,937)	(12,193)	(12,450)	(12,708)
91	3913	COMPUTER EQUIPMENT	29%	(42,567)	(43,887)	(45,207)	(46,527)	(47,847)	(49,167)	(50,487)	(51,807)	(53,127)	(54,447)	(55,767)	(57,087)	(47,170)
92	391305	SOFTWARE	29%	(322,525)	(327,131)	(331,737)	(336,343)	(340,949)	(345,555)	(350,161)	(354,767)	(359,373)	(363,979)	(368,585)	(373,191)	(350,837)
93	3921	PASSENGER CARS	28%	(8,837)	(9,059)	(9,281)	(9,503)	(9,724)	(9,946)	(10,168)	(10,390)	(10,611)	(10,833)	(11,055)	(11,277)	(11,498)
94	3922	LIGHT TRUCKS & VANS	28%	(6,825)	(7,063)	(7,302)	(7,540)	(7,779)	(8,018)	(8,256)	(8,495)	(8,734)	(8,973)	(9,212)	(9,451)	(7,490)
95	397	COMMUNICATION EQUIPMENT	28%	9,231	9,019	8,806	8,593	8,380	8,167	7,954	7,742	7,529	7,316	7,103	6,891	6,678
96	398	MISCELLANEOUS EQUIPMENT	28%	(65)	(74)	(84)	(93)	(103)	(112)	(122)	(131)	(141)	(150)	(160)	(169)	(179)
97	399	MISCELLANEOUS TANGIBLE	28%	(1,049)	(1,156)	(1,263)	(1,370)	(1,478)	(1,585)	(1,692)	(1,799)	(1,907)	(2,014)	(2,121)	(2,228)	(2,335)
98																
99																
100																
101		Total Allocated Common Plant	(505,570)	(513,811)	(522,052)	(526,593)	(534,826)	(543,530)	(548,729)	(554,149)	(563,269)	(570,349)	(575,592)	(585,481)	(595,723)	(549,213)

Supporting Schedules: B-9 (2007)

Recap Schedules: B-1 (2007), B-9 (2007)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the monthly reserve balances for each account or sub-account to which an individual depreciation rate is applied.

Type of Data Shown:
Projected Test Year End: 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	13-Month Average
1		<u>Transmission Plant</u>														
2																
3	3501	LAND RIGHTS	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)	(33,788)
4	352	STRUCTURES AND IMPROVEMENTS	(10,702)	(10,739)	(10,776)	(10,813)	(10,850)	(10,887)	(10,929)	(10,971)	(11,018)	(11,065)	(11,112)	(11,159)	(11,206)	(10,941)
5	353	STATION EQUIPMENT	(665,300)	(669,979)	(674,658)	(679,337)	(684,016)	(688,695)	(693,374)	(698,053)	(702,732)	(707,411)	(712,090)	(716,769)	(721,448)	(693,374)
6	354	TOWERS AND FIXTURES	(172,389)	(172,801)	(173,213)	(173,625)	(174,037)	(174,448)	(174,861)	(175,273)	(175,685)	(176,097)	(176,509)	(176,921)	(177,333)	(174,861)
7	355	POLES AND FIXTURES	(924,838)	(932,318)	(939,798)	(947,278)	(954,758)	(962,238)	(969,718)	(977,198)	(984,678)	(992,158)	(999,638)	(1,007,118)	(1,014,598)	(969,816)
8	356	OVERHEAD CONDUCTORS AND DEVICES	(634,997)	(640,002)	(645,007)	(650,012)	(655,017)	(660,022)	(665,027)	(670,032)	(675,037)	(680,042)	(685,047)	(690,052)	(695,057)	(666,118)
9	359	ROADS AND TRAILS	(4,181)	(4,203)	(4,225)	(4,247)	(4,269)	(4,291)	(4,313)	(4,335)	(4,357)	(4,379)	(4,401)	(4,423)	(4,445)	(4,313)
10																
11		Total Transmission Plant	(2,446,195)	(2,463,830)	(2,481,465)	(2,499,100)	(2,516,735)	(2,534,390)	(2,534,431)	(2,552,334)	(2,570,242)	(2,588,416)	(2,606,590)	(2,624,764)	(2,642,938)	(2,543,210)
12																
13		<u>Distribution Plant</u>														
14																
15	361	STRUCTURES & IMPROVEMENTS	(32,731)	(32,907)	(33,083)	(33,259)	(33,435)	(33,611)	(33,787)	(33,963)	(34,139)	(34,315)	(34,491)	(34,667)	(34,843)	(33,787)
16	362	STATION EQUIPMENT	(1,332,097)	(1,335,494)	(1,338,893)	(1,342,439)	(1,345,962)	(1,349,252)	(1,352,833)	(1,356,381)	(1,359,896)	(1,363,378)	(1,366,827)	(1,370,418)	(1,373,976)	(1,352,910)
17	364	POLES, TOWERS, & FIXTURES	(4,322,016)	(4,346,096)	(4,370,286)	(4,394,586)	(4,418,997)	(4,443,822)	(4,468,304)	(4,493,804)	(4,518,960)	(4,544,226)	(4,569,603)	(4,595,125)	(4,620,757)	(4,469,772)
18	365	OVERHEAD CONDUCTORS & DEVICES	(5,311,684)	(5,339,268)	(5,366,921)	(5,394,643)	(5,422,434)	(5,450,295)	(5,478,225)	(5,506,503)	(5,534,850)	(5,563,345)	(5,591,909)	(5,620,543)	(5,649,277)	(5,479,223)
19	370	METERS	(1,796,540)	(1,800,381)	(1,804,270)	(1,808,192)	(1,812,147)	(1,816,135)	(1,820,126)	(1,824,210)	(1,828,283)	(1,832,386)	(1,836,522)	(1,840,781)	(1,845,073)	(1,820,390)
20	3601	LAND RIGHTS	(5,356)	(5,390)	(5,424)	(5,458)	(5,492)	(5,526)	(5,560)	(5,594)	(5,628)	(5,662)	(5,696)	(5,730)	(5,764)	(5,560)
21	3662	UNDERGROUND CONDUIT - BURIED	(600,212)	(605,261)	(610,312)	(615,365)	(620,420)	(625,478)	(630,511)	(635,566)	(640,623)	(645,683)	(650,746)	(655,812)	(660,881)	(631,303)
22	3672	UNDERGROUND COND & DEVICES - BURIED	(1,692,223)	(1,703,449)	(1,714,744)	(1,726,108)	(1,737,541)	(1,749,034)	(1,760,613)	(1,772,236)	(1,783,928)	(1,795,683)	(1,807,511)	(1,819,415)	(1,831,398)	(1,761,876)
23	3681	LINE TRANSFORMERS - OVERHEAD	(4,732,814)	(4,754,281)	(4,775,783)	(4,797,352)	(4,818,992)	(4,840,734)	(4,862,518)	(4,884,380)	(4,906,284)	(4,928,231)	(4,950,220)	(4,972,245)	(4,994,302)	(4,862,934)
24	3683	LINE TRANSFORMERS - BURIED	(3,138,803)	(3,156,708)	(3,174,621)	(3,192,716)	(3,210,994)	(3,229,454)	(3,248,097)	(3,266,922)	(3,285,929)	(3,304,944)	(3,323,966)	(3,342,996)	(3,362,033)	(3,249,091)
25	3691	OVERHEAD SERVICES	(2,265,274)	(2,277,835)	(2,290,439)	(2,303,086)	(2,315,776)	(2,328,509)	(2,341,285)	(2,354,102)	(2,366,966)	(2,379,871)	(2,392,820)	(2,405,812)	(2,418,847)	(2,341,586)
26	3693	UNDERGROUND SERVICES - BURIED	(1,801,339)	(1,813,906)	(1,826,542)	(1,839,247)	(1,852,021)	(1,864,880)	(1,877,824)	(1,890,853)	(1,903,966)	(1,917,136)	(1,930,363)	(1,943,647)	(1,956,987)	(1,878,362)
27	3711	INSTALLATIONS ON CUSTOMER PREMISES-AG	(502,361)	(507,486)	(512,649)	(517,850)	(523,088)	(528,364)	(533,678)	(539,029)	(544,418)	(549,844)	(555,308)	(560,811)	(566,349)	(533,941)
28	3713	INSTALLATIONS ON CUSTOMER PREMISES-UG	(248,746)	(250,930)	(253,115)	(255,300)	(257,486)	(259,672)	(261,859)	(264,046)	(266,234)	(268,422)	(270,611)	(272,800)	(274,990)	(261,862)
29	3731	STREET LIGHTING & SIGNAL SYSTEMS-AG	(307,679)	(310,102)	(312,535)	(314,977)	(317,428)	(319,889)	(322,359)	(324,839)	(327,328)	(329,825)	(332,332)	(334,848)	(337,373)	(322,424)
30	3733	STREET LIGHTING & SIGNAL SYSTEMS-UG	(201,972)	(203,998)	(206,025)	(208,053)	(210,083)	(212,114)	(214,147)	(216,181)	(218,217)	(220,253)	(222,291)	(224,330)	(226,370)	(214,156)
31																
32		Total Distribution Plant	(28,291,851)	(28,443,492)	(28,595,732)	(28,748,631)	(28,902,196)	(29,056,778)	(29,212,570)	(29,369,811)	(29,527,689)	(29,686,089)	(29,844,941)	(30,004,536)	(30,165,015)	(29,219,179)
33																
34		<u>General Plant</u>														
35																
36	389	GENERAL PLANT-LAND	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)
37	390	STRUCTURES AND IMPROVEMENTS	(492,596)	(494,984)	(497,372)	(499,760)	(502,152)	(504,544)	(506,935)	(509,326)	(511,721)	(514,116)	(516,511)	(518,906)	(521,304)	(506,941)
38	396	POWER OPERATED EQUIPMENT	(188,371)	(189,250)	(190,128)	(191,005)	(191,881)	(192,757)	(193,632)	(194,506)	(195,380)	(196,253)	(197,125)	(197,996)	(198,867)	(193,627)
39	397	COMMUNICATION EQUIPMENT	(146,906)	(147,069)	(147,232)	(147,395)	(147,558)	(147,721)	(147,884)	(148,047)	(148,210)	(148,373)	(148,536)	(148,699)	(148,862)	(147,884)
40	3973	COMMUNICATION EQUIPMENT	(1)	-	-	-	-	-	-	-	-	-	-	-	(0)	
41	398	MISCELLANEOUS EQUIPMENT	(13,291)	(13,185)	(13,079)	(12,973)	(12,867)	(12,761)	(12,655)	(12,549)	(12,443)	(12,337)	(12,231)	(12,125)	(12,019)	(12,655)
42	3911	OFFICE FURNITURE	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)	(8,092)
43	3912	OFFICE MACHINES	(27,039)	(27,370)	(27,701)	(28,032)	(28,363)	(28,694)	(29,025)	(29,356)	(29,687)	(30,018)	(30,349)	(30,680)	(31,011)	(29,025)
44	3913	COMPUTER EQUIPMENT	(176,007)	(176,360)	(176,713)	(177,066)	(177,419)	(177,772)	(178,125)	(178,478)	(178,831)	(179,184)	(179,537)	(179,890)	(180,243)	(178,125)
45	391305	SOFTWARE	(503,481)	(514,001)	(524,521)	(535,041)	(545,561)	(556,081)	(566,601)	(577,121)	(587,641)	(598,161)	(608,681)	(619,201)	(629,721)	(566,601)
46	3931	STORES EQUIPMENT-FIXED	(100,440)	(101,373)	(102,306)	(103,239)	(104,172)	(105,105)	(106,038)	(106,971)	(107,904)	(108,837)	(109,770)	(110,703)	(111,636)	(106,038)
47	3932	STORES EQUIPMENT-PORTABLE	(869)	(869)	(869)	(869)	(869)	(869)	(869)	(869)	(869)	(869)	(869)	(869)	(869)	(869)
48	3941	TOOLS, SHOP, & GARAGE EQUIP-FIXED	(40,614)	(40,582)	(40,550)	(40,518)	(40,486)	(40,454)	(40,422)	(40,390)	(40,358)	(40,326)	(40,294)	(40,262)	(40,230)	(40,422)
49	3942	TOOLS, SHOP, & GARAGE EQUIP-PORTABLE	(85,341)	(85,559)	(85,777)	(85,995)	(86,213)	(86,431)	(86,649)	(86,867)	(87,084)	(87,302)	(87,519)	(87,735)	(87,952)	(86,648)
50	3951	LABORATORY EQUIPMENT-FIXED	(62,375)	(62,649)	(62,923)	(63,197)	(63,471)	(63,745)	(64,019)	(64,293)	(64,567)	(64,841)	(65,115)	(65,389)	(65,663)	(64,019)
51	3952	LABORATORY EQUIPMENT-PORTABLE	(31,027)	(30,971)	(30,915)	(30,859)	(30,803)	(30,747)	(30,691)	(30,635)	(30,579)	(30,523)	(30,467)	(30,411)	(30,355)	(30,691)
52	399	MISCELLANEOUS TANGIBLE	(8,587)	(9,337)	(10,087)	(10,837)	(11,587)	(12,337)	(13,087)	(13,837)	(14,587)	(15,337)	(16,087)	(16,837)	(17,587)	(13,087)
53																
54		Total General Plant	(1,891,741)	(1,908,355)	(1,924,969)	(1,941,582)	(1,958,196)	(1,974,814)	(1,991,428)	(2,008,041)	(2,024,657)	(2,041,272)	(2,057,886)	(2,074,499)	(2,091,115)	(1,991,427)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the monthly reserve balances for each account or sub-account to which an individual depreciation rate is applied.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account Sub-account Number	Account Sub-account Title	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	13-Month Average	
55		Transportation Equipment															
56																	
57	3921	PASSENGER CARS	(89,818)	(90,707)	(91,596)	(92,485)	(93,374)	(94,263)	(95,152)	(96,041)	(96,930)	(97,819)	(98,708)	(99,597)	(100,486)	(95,152)	
58	3922	LIGHT TRUCKS & VANS	(414,196)	(419,612)	(425,499)	(432,582)	(439,665)	(446,869)	(454,273)	(461,577)	(468,653)	(477,729)	(485,805)	(493,881)	(501,957)	(455,646)	
59	3923	HEAVY TRUCKS	(1,222,417)	(1,240,043)	(1,258,104)	(1,276,165)	(1,294,226)	(1,312,287)	(1,330,348)	(1,348,409)	(1,366,470)	(1,384,531)	(1,402,592)	(1,420,653)	(1,440,060)	(1,330,485)	
60	3924	TRAILERS	(29,938)	(30,308)	(30,678)	(31,048)	(31,418)	(31,788)	(32,158)	(32,528)	(32,898)	(33,268)	(33,638)	(34,008)	(34,378)	(32,158)	
61																	
62		Total Transportation Equipment	(1,756,369)	(1,780,670)	(1,805,877)	(1,832,280)	(1,858,683)	(1,885,307)	(1,911,931)	(1,938,555)	(1,965,951)	(1,993,347)	(2,020,743)	(2,048,139)	(2,076,881)	(1,913,441)	
63																	
64		TOTAL ACCUM. PROVISION FOR DEPR.	(34,386,156)	(34,596,347)	(34,808,043)	(35,021,593)	(35,235,812)	(35,451,589)	(35,650,360)	(35,858,741)	(36,068,539)	(36,309,124)	(36,530,160)	(36,751,938)	(36,975,949)	(35,667,258)	
65																	
66		COMMON PLANT															
67																	
68	303	MISC INTANGIBLE PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
69	389	GENERAL PLANT-LAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70	390	STRUCTURES AND IMPROVEMENTS	(454,414)	(459,275)	(464,298)	(469,333)	(474,368)	(479,428)	(484,488)	(489,698)	(494,908)	(500,118)	(505,328)	(510,538)	(515,748)	(484,765)	
71	3911	OFFICE FURNITURE	(12,675)	(12,858)	(13,041)	(13,222)	(13,425)	(13,620)	(13,817)	(14,014)	(14,213)	(14,414)	(14,617)	(14,820)	(15,025)	(13,829)	
72	3912	OFFICE MACHINES	(45,386)	(46,308)	(47,230)	(48,152)	(49,083)	(50,014)	(50,958)	(51,908)	(52,861)	(53,814)	(54,780)	(55,746)	(56,721)	(50,987)	
73	3913	COMPUTER EQUIPMENT	(193,438)	(201,138)	(208,838)	(217,089)	(225,409)	(234,159)	(243,113)	(251,562)	(260,011)	(269,006)	(278,071)	(287,321)	(296,571)	(243,518)	
74	391305	SOFTWARE	(1,312,936)	(1,332,248)	(1,351,560)	(1,370,872)	(1,390,554)	(1,410,536)	(1,430,518)	(1,451,148)	(1,472,009)	(1,492,870)	(1,513,731)	(1,535,124)	(1,556,517)	(1,432,356)	
75	3921	PASSENGER CARS	(41,066)	(41,858)	(42,650)	(43,442)	(44,234)	(45,026)	(45,818)	(46,610)	(47,402)	(48,194)	(48,986)	(49,778)	(50,570)	(45,818)	
76	3922	LIGHT TRUCKS & VANS	(28,738)	(29,618)	(30,498)	(31,378)	(32,258)	(33,138)	(34,018)	(34,898)	(35,778)	(36,658)	(37,538)	(38,418)	(39,298)	(34,018)	
77	397	COMMUNICATION EQUIPMENT	23,849	23,089	22,329	21,569	20,809	20,049	19,289	18,529	17,769	17,009	16,249	15,489	14,729	19,289	
78	398	MISCELLANEOUS EQUIPMENT	(638)	(673)	(707)	(741)	(775)	(809)	(843)	(877)	(911)	(945)	(979)	(1,013)	(1,047)	(843)	
79	399	MISCELLANEOUS TANGIBLE	(8,341)	(8,807)	(9,273)	(9,739)	(10,205)	(10,671)	(11,137)	(11,603)	(12,069)	(12,535)	(13,001)	(13,467)	(14,003)	(11,237)	
80																	
81																	
82		Total Common Plant	(2,073,784)	(2,109,694)	(2,145,766)	(2,182,409)	(2,219,502)	(2,257,352)	(2,295,463)	(2,333,873)	(2,372,519)	(2,411,713)	(2,450,992)	(2,491,029)	(2,531,077)	(2,298,091)	
83																	
84		AS ALLOCATED (Electric Division)															
85																	
86	303	MISC INTANGIBLE PLANT	28%	-	-	-	-	-	-	-	-	-	-	-	-	-	
87	389	GENERAL PLANT-LAND	28%	-	-	-	-	-	-	-	-	-	-	-	-	-	
88	390	STRUCTURES AND IMPROVEMENTS	28%	(127,236)	(128,597)	(130,003)	(131,413)	(132,823)	(134,240)	(135,657)	(137,115)	(138,574)	(140,033)	(141,492)	(142,951)	(144,409)	(135,734)
89	3911	OFFICE FURNITURE	28%	(3,549)	(3,600)	(3,651)	(3,705)	(3,758)	(3,814)	(3,869)	(3,924)	(3,980)	(4,036)	(4,093)	(4,150)	(4,207)	(3,872)
90	3912	OFFICE MACHINES	28%	(12,708)	(12,966)	(13,224)	(13,483)	(13,743)	(14,004)	(14,268)	(14,534)	(14,801)	(15,068)	(15,338)	(15,609)	(15,882)	(14,279)
91	3913	COMPUTER EQUIPMENT	29%	(56,097)	(58,330)	(60,563)	(62,956)	(65,369)	(67,906)	(70,503)	(72,953)	(75,403)	(78,012)	(80,641)	(83,323)	(86,006)	(70,620)
92	391305	SOFTWARE	29%	(380,751)	(386,352)	(391,952)	(397,553)	(403,261)	(409,055)	(414,850)	(420,833)	(426,883)	(432,932)	(438,982)	(445,186)	(451,390)	(415,383)
93	3921	PASSENGER CARS	28%	(11,498)	(11,720)	(11,942)	(12,164)	(12,386)	(12,607)	(12,829)	(13,051)	(13,273)	(13,494)	(13,716)	(13,938)	(14,160)	(12,829)
94	3922	LIGHT TRUCKS & VANS	28%	(8,047)	(8,293)	(8,539)	(8,786)	(9,032)	(9,279)	(9,525)	(9,771)	(10,018)	(10,264)	(10,511)	(10,757)	(11,003)	(9,525)
95	397	COMMUNICATION EQUIPMENT	28%	6,678	6,465	6,252	6,039	5,827	5,614	5,401	5,188	4,975	4,763	4,550	4,337	4,124	5,401
96	398	MISCELLANEOUS EQUIPMENT	28%	(179)	(188)	(198)	(207)	(217)	(227)	(236)	(246)	(255)	(265)	(274)	(284)	(293)	(236)
97	399	MISCELLANEOUS TANGIBLE	28%	(2,335)	(2,466)	(2,596)	(2,727)	(2,857)	(2,988)	(3,130)	(3,272)	(3,415)	(3,557)	(3,699)	(3,853)	(4,007)	(3,146)
98																	
99																	
100																	
101		Total Allocated Common Plant	(595,723)	(606,048)	(616,419)	(626,954)	(637,620)	(648,506)	(659,466)	(670,512)	(681,626)	(692,898)	(704,196)	(715,713)	(727,233)	(660,224)	

Supporting Schedules: B-9 (2008)

Recap Schedules: B-1 (2008), B-9 (2008)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Itemize major capital additions to and retirements from electric plant in service in excess of 0.5% of the sum of the total balance of Account 101-Electric Plant in Service, and Account 106, Completed construction not Classified for the most recent calendar year, the test year minus one, the test year, and the test year plus one.*

Type of Data Shown:
 Projected Year Ended 12/31/2009
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite, Mark Cutshaw

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description of Additions or (Retirements)	Most Recent Calendar Year 12/31/2006	Projected Test Year Minus One 12/31/2007	Projected Test Year 12/31/2008	Test Year Plus One Year 12/31/2009	
ADDITIONS:						
1	Replace transformer at Amelia Island Plantation Sub-station	625,922				
2	Replace Amelia Island Plantation Transformer (40 MVA)		790,000			
3	Construct Feeder #312 - Phase 1			500,000	See Note Below	
4						
5	Addition of items with values less than .5%	3,915,988	4,699,349	4,209,300		
6	Common Additions - Allocated to Electric	115,985	323,824	184,750		
7	TOTAL ADDITIONS	<u>4,657,895</u>	<u>5,813,173</u>	<u>4,894,050</u>	<u>5,121,706</u>	
8						
9	RETIREMENTS:					
10	Retirement of items with individual values less than .5%	(710,705)	(618,833)	(553,172)		
11	Common Retirements - Allocated to Electric	(14,638)	(12,345)	-		
12	TOTAL RETIREMENTS	<u>(725,343)</u>	<u>(631,178)</u>	<u>(553,172)</u>	<u>(636,564)</u>	
13						
14						
15						
16	TOTAL NET ADDITIONS	<u>3,932,552</u>	<u>5,181,995</u>	<u>4,340,878</u>	<u>4,485,142</u>	

17
18
19
20 Note: Specific Plant Additions and Retirements are not feasible at this time. We do not develop budgets that far in advance.

Note:

* If data shown represents a historical calendar year, the related annual status report may be substituted for this schedule.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide production plant additions for the test year and the prior year that exceed 0.5% of Gross Plant. Presenting In-Service Additions classified as Environmental, Availability/Reliability, Heat Rate, Replace Existing Plant, Safety, Energy Conservation, Capacity, Aid to Construction, and Maintenance and Regulatory.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

(A) Preliminary Engineering Growth Classification	(B) Amount
Environmental	
Availability/Reliability	
Heat Rate	
Replace Existing Plant	Not Applicable
Safety	
Energy Conservation	
Capacity	
Aid to Construction and Maintenance	
Regulatory	
Total In-Service Additions	\$

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

For each major construction project whose cost of completion exceeds 0.2 percent (.002) of gross plant, and for smaller projects within each category shown taken as a group, provide the requested data concerning projects for the test year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite

Line No.	Project Description	(1) Year End CWIP Balance	(2) Estimated Additional Project Costs	(3) Total Cost of Completion	(4) Initial Project Budget Per Construction Bld	(5) Date Construction Started	(6) Expected Completion Date	(7) Percent Complete (1) / (3)	(8) Amount of AFUDC Charged	(9) 13 Month Average Balance	(10) Jurisdictional Factor	(11) Jurisdictional Amount
1	STEAM PRODUCTION			-				NA		100%	-	
2												
3	Subtotal	-	-	-				NA		100%	-	
4												
5	NUCLEAR PRODUCTION			-				NA		100%	-	
6												
7	Subtotal	-	-	-				NA		100%	-	
8												
9	HYDRAULIC PRODUCTION			-				NA		100%	-	
10												
11	Subtotal	-	-	-				NA		100%	-	
12												
13	OTHER PRODUCTION			-				NA		100%	-	
14												
15	Subtotal	-	-	-				NA		100%	-	
16												
17	TRANSMISSION PLANT											
18	Various Smaller Projects	-	-	226,000	226,000	Various	Various	100%	-	17,692	17,692	
19	Subtotal	-	-	226,000	226,000				-	17,692	17,692	
20												
21	DISTRIBUTION PLANT											
22	Construct Feeder #312 - Phase 1	-	-	500,000	500,000	11/1/2008	12/31/2008	100%	-	-	-	
23	Replace Cable at AIP	-	-	400,000	400,000	2/1/2008	9/30/2008	100%	-	46,154	46,154	
24	Various Smaller Projects	-	-	2,970,600	2,970,600	Various	Various	100%	-	11,154	11,154	
25	Subtotal	-	-	3,870,600	3,870,600				-	57,308	57,308	
26												
27	GENERAL PLANT											
28	Replace Service Trk Veh #41943	-	-	170,000	170,000	11/1/2008	11/30/2008	100%	-	-	-	
29	Various Smaller Projects	-	-	442,700	442,700	Various	Various	100%	-	-	-	
30	Subtotal	-	-	612,700	612,700				-	-	-	
31												
32	<u>COMMON PLANT TO BE ALLOCATED</u>											
33	GENERAL PLANT											
34	Various Smaller Projects	-	-	186,500	186,500	Various	Various	100%	-	-	-	
35	All - Except Computer	-	-	457,000	457,000	Various	Various	100%	-	-	-	
36	Computer	-	-	643,500	643,500				-	-	-	
37	Total	-	-	643,500	643,500				-	-	-	
38												
39	<u>COMMON PLANT - ALLOCATED</u>											
40	GENERAL PLANT											
41	Various Smaller Projects	-	-	52,220	52,220	Various	Various	100%	-	-	-	
42	All - Except Computer @ 28%	-	-	132,530	132,530	Various	Various	100%	-	-	-	
43	Computer @ 29%	-	-	184,750	184,750				-	-	-	
44	Subtotal	-	-	184,750	184,750				-	-	-	
45												
46												
47	TOTAL AFUDC TREATMENT											
48												
49	TOTAL RATE BASE TREATMENT	-	-	4,894,050	4,894,050				-	75,000	75,000	
50												
51	TOTAL CWIP								75,000	100%	75,000	

Supporting Schedules: B-3 (2008)

Recap Schedules: B-1 (2008), B-6 (2008)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

EXPLANATION:

If the company proposes to include any AFUDC-eligible CWP in rate base, provide a summary of the earnings test to determine to what extent CWP should be included in the rate base along with a detail of assumptions. As a minimum, the data provided should show the impact on the utility's financial integrity indicators with and without the level of CWP requested.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Prior Year Ended 12/31/2007
Historic Year Ended 12/31/2006
Witness: Jim Mesite

We do not have any AFUDC eligible CWP in rate base.
Not applicable.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the 13 month average balance for each item of property held for future use and calculate the jurisdictional amounts for the test year. Provide the prior year if the test year is projected. Individual properties that are less than 5 percent of the account total may be aggregated.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

Item No.	Description of Item	(1) Prior Year 12/31/2007 13 Month Average	(2) Test Year 12/31/2008 13 Month Average	(3) Test Year Jurisdictional Factor	(4) Test Year Jurisdictional Amount (2) x (3)
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NONE

Supporting Schedules:

Recap Schedules:

NUCLEAR FUEL BALANCES

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-E1

EXPLANATION:

Provide thirteen monthly balances of nuclear fuel accounts 120.1, 120.2, 120.3, 120.4, 120.5, and 120.6 for the test year, and the prior year if the test year is projected.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

(\$000)

Line No.	Period	(A) Nuclear Fuel In Process 120.1	(B) Nuclear Fuel Stock Account 120.2	(C) Nuclear Fuel Assemblies in Reactor 120.3	(D) Nuclear Fuel Spent Fuel 120.4	(E) Accumulated Provision for Amortization 120.5	(F) Nuclear Fuel Under Capital Leases 120.6	(G) Net Nuclear Fuel (A)+(B)+(C)+(D)-(E)+(F)
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NOT APPLICABLE

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule showing the adjusted 13 month average working capital allowance for the test year and the prior year if the test year is projected. All adjustments are to be provided by account number. Use a balance sheet method and any other methodology the company proposes to use.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Witness: Jim Mesite

Line No.	Account No.	Component	(1) Prior Year 2007 Company Total (Schedule B-3)	(2) Test Year 2008 Company Total (Schedule B-3)	(3) Test Year Jurisdictional Factor	(4) Test Year Jurisdictional Amount (2) x (3)
1		Current and Accrued Assets	8,004,436	9,463,776	100%	9,463,776
2						
3		Adjustments to Current and				
4		Accrued Assets (Specify)				
5		NONE	-	-	100%	-
6						
7		Adjusted Current and Accrued Assets	8,004,436	9,463,776	100%	9,463,776
8						
9						
10		Current and Accrued Liabilities	(9,178,618)	(10,774,430)	100%	(10,774,430)
11						
12						
13		Adjustments to Current and				
14		Accrued Liabilities				
15		(Specify)				
16						
17		None				
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33		Adjusted Current and	(9,178,618)	(10,774,430)	100%	(10,774,430)
34		Accrued Liabilities				
35						
36		Working Capital Allowance	(1,174,182)	(1,310,654)	100%	(1,310,654)
37						
38		Unbilled Revenue				
39		Adjustments (Specify)	-	-	100%	-
40						
41		Adjusted Working Capital	(1,174,182)	(1,310,654)	100%	(1,310,654)
42		Allowance				

Supporting Schedules: B-3 (2007), B-3 (2008)

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-E1

EXPLANATION:

Provide conventional fuel account balances in dollars and quantities for each fuel type for the test year, and the two preceding years. Include Natural Gas even though no inventory is carried. (Give Units in Barrels, Tons, or MCF)

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

Plant	Fuel Type	Beginning Balance	Receipts	Fuel Issued to Generation	Fuel Issued (Other)	Inventory Adjustments	Ending Balance	13 Month Average
		Units / (\$000) / \$ / Unit	Units / (\$000) / \$ / Unit (See Note 1)					

NOT APPLICABLE

System Inventory
 Coal
 Petroleum
 Residual Oil
 Distillate Oil
 Natural Gas
 Biomass
 Other _____

Note 1 - Applicable only to system fuel inventory balances.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule showing the following information for miscellaneous deferred debits for the test year. Minor items less than 5% of the account total, or amounts less than \$10,000, whichever is greater, may be grouped by classes.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Cheryl Martin

Line No.	Description	Balance at Beginning of Year	Debits	Credits		Balance at End of Year
				Account	Amount	
1	1860.21- O/U RECOVERY-FUEL	1,611,846	3,550,516	4010.5551	(3,454,684)	1,707,678
2	1860.61- O/U RECOVERY-CONSERVATION	-	130	4010.9061	(130)	-
3	1860.3 - MISC DEFERRED P/R	-	183,013	2320.8	(183,013)	-
4	1860.1 - MISC DIRECT DEFERRED	31,491	16,909	4010.928	-	48,400
5	1860.1 - MISC DIRECT DEFERRED-RATE CASE	275,458	-	4010.928	(84,756)	190,702
6						
7						
8						
9	Totals	<u>1,918,795</u>	<u>3,750,568</u>		<u>(3,722,583)</u>	<u>1,946,780</u>

Supporting Schedules:

Recap Schedules: B-3 (2006)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule showing the following information for miscellaneous deferred debits for the test year. Minor items less than 5% of the account total, or amounts less than \$10,000, whichever is greater, may be grouped by classes.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Cheryl Martin

Line No.	Description	Balance at Beginning of Year	Debits	Credits		Balance at End of Year
				Account	Amount	
1	1860.21- O/U RECOVERY-FUEL	862,214	1,143,377	4010.5551	(862,214)	1,143,377
2	1860.3 - MISC DEFERRED P/R	-	15,770	2320.8	-	15,770
3	1860.1 - MISC DIRECT DEFERRED	48,400	1,671	4010.928	-	50,071
4	1860.1 - MISC DIRECT DEFERRED-RATE CASE	190,702	385,959	4010.928	(35,315)	541,346
5						
6						
7						
8	Totals	<u>1,101,316</u>	<u>1,546,777</u>		<u>(897,529)</u>	<u>1,750,564</u>

Supporting Schedules:

Recap Schedules: B-3 (2007)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule showing the following information for miscellaneous deferred debits for the test year. Minor items less than 5% of the account total, or amounts less than \$10,000, whichever is greater, may be grouped by classes.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Cheryl Martin

Line No.	Description	Balance at Beginning of Year	Debits	Credits		Balance at End of Year
				Account	Amount	
1	1860.21- O/U RECOVERY-FUEL	1,143,377	1,143,377	4010.5551	(1,143,377)	1,143,377
2	1860.3 - MISC DEFERRED P/R	15,770	-	2320.8	(763)	15,007
3	1860.1 - MISC DIRECT DEFERRED	50,071	957	4010.928	-	51,028
4	1860.1 - MISC DIRECT DEFERRED-RATE CASE	541,346	141,099	4010.928	(136,503)	545,942
5						
6						
7						
8	Totals	<u>1,750,564</u>	<u>1,285,433</u>		<u>(1,280,643)</u>	<u>1,755,354</u>

Supporting Schedules:

Recap Schedules: B-3 (2008)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a Schedule showing the following information for other deferred credits for the test year. Minor items less than 5% of the account total, or amounts less than \$10,000, whichever is greater, may be grouped by classes.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Cheryl Martin

Line No.	Description	Balance at Beginning of Year	Debits		Credits	Balance at End of Year
			Contra Accounts	Amount		
1	2530.21 Over-recovery Fuel	(1,152,894)	4000.4561	1,448,868	(1,141,438)	(845,464)
2	2530.61 Over-recovery Conservation	(107,034)	4000.4566	196,798	(134,416)	(44,652)
3						
4						
5						
6						
7	Total	(1,259,928)		1,645,666	(1,275,854)	(890,116)

Supporting Schedules: B-3 (2006)

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a Schedule showing the following information for other deferred credits for the test year. Minor items less than 5% of the account total, or amounts less than \$10,000, whichever is greater, may be grouped by classes.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Cheryl Martin

Line No.	Description	Balance at Beginning of Year	Debits		Credits	Balance at End of Year
			Contra Accounts	Amount		
1	2530.61 Over-recovery Conservation	(44,652)	4000,4566	73,936	(30,541)	(1,257)
2						
3						
4						
5						
6	Total	<u>(44,652)</u>		<u>73,936</u>	<u>(30,541)</u>	<u>(1,257)</u>

Supporting Schedules: B-3 (2007)

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a Schedule showing the following information for other deferred credits for the test year. Minor items less than 5% of the account total, or amounts less than \$10,000, whichever is greater, may be grouped by classes.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Curtis Young

Line No.	Description	Balance at Beginning of Year	Debits		Credits	Balance at End of Year
			Contra Accounts	Amount		
1	2530.61 Over-recovery Conservation	(1,257)	4000.4566	1,257	0	0
2						
3						
4						
5						
6	Total	<u>(1,257)</u>		<u>1,257</u>	<u>0</u>	<u>0</u>

Supporting Schedules: B-3 (2008)

Recap Schedules:

ACCUMULATED PROVISION ACCOUNTS -
228.1, 228.2, and 228.4

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of the amounts charged to operating expenses, and the amounts accrued and charged to the provision account balances, for the last calendar year and test year. Indicate desired reserve balances and the basis for determining the desired balances.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Prior Year Ended 12/31/2007
Historic Year Ended 12/31/2006
Witness: Cheryl Martin

Line No.		Year	Balance Beginning of Period	Current Annual Accrual	Amount Charged to Reserve	Net Fund Income After Taxes	Reserve Balance End of Period	Description Of Charge	Charged to Operating Expenses
1	<u>Account 228.1 - Storm Reserve</u>								
2	2006 and 2007 - Based on provisions of Order# PSC-00-1883-PAA-EI at \$121,620/yr up to \$2,900,000	2006	1,506,886	121,620	16,759	9,147	N/A	1,636,118	storm related expenses
3		2007	1,636,118	121,620	-	50,001	N/A	1,707,737	storm related expenses
4	2008 Per Projection in This Rate Proceeding	2008	1,707,737	203,880	-	-	N/A	1,911,617	storm related expenses
5									
6									
7									
8	<u>Account 228.2</u>								
9	Liability Insurance	2006	296,132	-	-	114,689	N/A	181,443	general & auto. liability claims
10	Allocate Electric (Adj. Gross Profit)		94,762			36,701		58,062	
11									
12	Liability Insurance	2007	181,443	477,500	-	502,363	N/A	156,580	general & auto. liability claims
13	Allocate Electric (Adj. Gross Profit)		56,247	195,000		155,733		48,540	
14									
15	Liability Insurance	2008	156,580	278,000		184,000	N/A	250,580	general & auto. liability claims
16	Allocate Electric (Adj. Gross Profit)		48,540	108,420		57,040		77,680	
17									
18									
19									
20	<u>Account 228.4</u>		N/A	N/A	N/A	N/A	N/A	N/A	N/A

Supporting Schedules: B-3 (2006), B-3 (2007), B-3 (2008)

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For each of the accumulated deferred income tax accounts (Nos. 190, 281, 282, 283), provide annual balances beginning with the historical base year in the last rate case and ending with the end of the test year.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Prior Year Ended 12/31/07
 Historical Years Ended 12/31/2002 - 2006
 Witness: Mehrdad Khojasteh

Line No.	Annual Period	Account 190 Accumulated Deferred Income Taxes Dr(Cr)	Account 281 Accumulated Deferred Income Taxes Cr(Dr)	Account 282 Accumulated Deferred Income Taxes Cr(Dr)	Account 283 Accumulated Deferred Income Taxes Cr(Dr)	Net Accumulated Deferred Income Taxes Cr(Dr)	Adjustments Underrecovery Fuel Costs	Adjustments Regulatory Deferred Tax	Adjusted Accumulated Deferred Income Taxes Cr(Dr)
1	2002	276,744	-	(3,553,950)	(463,922)	(3,741,128)	174,163	316,217	(3,250,748)
2	2003	381,597	-	(4,191,991)	(621,861)	(4,432,255)	327,246	291,221	(3,813,788)
3	2004	177,124	-	(4,977,989)	(837,951)	(5,638,816)	633,357	234,753	(4,770,706)
4	2005	997,076	-	(5,689,568)	(606,968)	(5,299,460)	606,537	167,691	(4,525,232)
5	2006	1,048,453	-	(6,423,856)	(514,205)	(5,889,608)	642,599	102,592	(5,144,417)
6	2007	1,167,843	-	(7,110,276)	294,888	(5,647,545)	-	-	(5,647,545)
7	2008	1,253,227	-	(7,904,475)	442,548	(6,208,701)	-	-	(6,208,701)

Supporting Schedules:

Recap Recap. Schedules: B-3 (2006), B-3 (2007), B-3 (2008)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide an analysis of accumulated investment tax credits generated and amortization of investment tax credits on an annual basis beginning with the historical base year in the last rate case and ending with the end of the test year.

Type of Data Shown:

Projected Test Year Ended 12/31/08

Prior Year Ended 12/31/07

Historical Years Ended 12/31/2002 - 2006

Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Annual Period	Beginning Balance	Amortization	Ending Balance
1	2002	340,648	56,525	284,122
2	2003	284,122	52,124	231,999
3	2004	231,999	39,727	192,271
4	2005	192,271	34,988	157,283
5	2006	157,283	32,322	124,961
6	2007	124,961	29,538	95,423
7	2008	95,423	27,935	67,488

Supporting Schedules: B-3 (2006), B-3 (2007), B-3 (2008)

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the data specified for leasing arrangements in effect during the test year and prior year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Cheryl Martin

Leasing Payments for prior year:	\$
Leasing Payments for test year:	\$
Leasing Payments, Remaining Life Contracts	\$

Describe Leasing Agreements Whose Lifetime Costs Exceed \$10 Million

Asset	Original Cost	Annual Payment	Life of Contract	Disposition of Asset, Provision for Purchase
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NOT APPLICABLE

Supporting Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-E1

EXPLANATION: Provide a statement of changes in accounting policy for the test year and the prior year. If appropriate, explain any changes in accounting procedures for the projected test year and the effect, if any, of the use of a non-calendar test year.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Prior Year Ended 12/31/2007
Historic Year Ended 12/31/2006
Witness: Cheryl Martin

We do not have any changes in accounting policy.

Supporting Schedules:

Recap Schedules:

**FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION**

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 070304-EI**

**MINIMUM FILING REQUIREMENTS
SCHEDULE C – NET OPERATING INCOME
SCHEDULES**

AUGUST 2007

FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS

NET OPERATING INCOME SCHEDULES

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of jurisdictional net operating income for the test year, the prior year and the most recent historical year.

Type of Data Shown:

Historic Year Ended 12/31/2006

Witness: Mehrdad Khojasteh, Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	(1) Total Company Per Books	(2) Non- Electric Utility	(3) Total Electric (1)-(2)	(4) Jurisdictional Factor	(5) Jurisdictional Amount (3)x(4)	(6) Jurisdictional Adjustments (Schedule C-2)	(7) Adjusted Jurisdictional Amount (5)+(6)
1	Operating Revenues:						
2	47,452,526		47,452,526	100%	47,452,526	(30,359,021)	17,093,505
3	1,074,705		1,074,705	100%	1,074,705	(759,903)	314,802
4	<u>48,527,231</u>		<u>48,527,231</u>	100%	<u>48,527,231</u>	<u>(31,118,924)</u>	<u>17,408,307</u>
5	Operating Expenses:						
6	Operation & Maintenance:						
7	Fuel						
8			-	100%	-	-	-
9	30,606,436		30,606,436	100%	30,606,436	(30,606,436)	-
10	8,163,711		8,163,711	100%	8,163,711	(456,411)	7,707,300
11	2,722,498		2,722,498	100%	2,722,498	(11,398)	2,711,100
12	Decommissioning Expense						
13	3,982,172		3,982,172	100%	3,982,172	(22,079)	3,960,093
14	772,895		772,895	100%	772,895	8,498	781,393
15	(195,788)		(195,788)	100%	(195,788)	-	(195,788)
16	(32,322)		(32,322)	100%	(32,322)	-	(32,322)
17	(Gain)/Loss on Disposal of Plant						
18	<u>46,019,602</u>		<u>46,019,602</u>	100%	<u>46,019,602</u>	<u>(31,087,826)</u>	<u>14,931,776</u>
19	Total Operating Expenses						
20	<u>2,507,629</u>		<u>2,507,629</u>	100%	<u>2,507,629</u>	<u>(31,098)</u>	<u>2,476,531</u>

Supporting Schedules: C-2, C-4, C-5, C-7

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of jurisdictional net operating income for the test year, the prior year and the most recent historical year.

Type of Data Shown:

Projected Test Year Ended 12/31/2008

Witness: Mehrdad Khojasteh, Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	(1) Total Company Per Books	(2) Non- Electric Utility	(3) Total Electric (1)-(2)	(4) Jurisdictional Factor	(5) Jurisdictional Amount (3)x(4)	(6) Adjustments (Schedule C-2)	(7) Adjusted Jurisdictional Amount (5)+(6)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							

Supporting Schedules: C-2, C-5, C-7

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule of net operating income adjustments for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule C-3.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh, Cheryl Martin

Line No.	Jurisdictional Amount Schedule C-1 Col. 5	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	Total Adjustments	Adjusted Jurisdictional NOI
1	Operating Revenues:														
2	Sales of Electricity	47,452,526	(30,359,021)											(30,359,021)	17,093,505
3	Other Operating Revenues	1,074,705	(759,903)											(759,903)	314,802
4	Total Operating Revenues	48,527,231	(31,118,924)											(31,118,924)	17,408,307
5															
6	Operating Expenses:														
7	Operation & Maintenance:														
8	Fuel (nonrecoverable)	-	-											-	-
9	Purchased Power	30,606,436	(30,606,436)											(30,606,436)	-
10	Other	8,163,711	(456,411)											(456,411)	7,707,300
11	Depreciation & Amortization	2,722,498	(11,398)											(11,398)	2,711,100
12	Decommissioning Expense	-	-											-	-
13	Taxes Other Than Income Taxes	3,982,172	(22,079)											(22,079)	3,960,093
14	Income Taxes	772,895	8,498											8,498	781,393
15	Deferred Income Taxes-Net	(195,788)	-											-	(195,788)
16	Investment Tax Credit-Net	(32,322)	-											-	(32,322)
17	(Gain)/Loss on Disposal of Plant	-	-											-	-
18															
19	Total Operating Expenses	46,019,602	(31,087,826)											(31,087,826)	14,931,776
20															
21	Net Operating Income	2,507,629	(31,098)											(31,098)	2,476,531

Supporting Schedules: C-3

Recap Schedules: C-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule of net operating income adjustments for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule C-3.

Type of Data Shown:

Prior Year Ended 12/31/2007

Witness: Mehrdad Khojasteh, Cheryl Martin

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Jurisdictional Amount Schedule C-1 Col. 5	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	Total Adjustments	Adjusted Jurisdictional NOI
1	Operating Revenues:														
2	Sales of Electricity	53,075,623	(36,296,779)											(36,296,779)	16,778,844
3	Other Operating Revenues	708,456	0											-	708,456
4	Total Operating Revenues	<u>53,784,078</u>	<u>(36,296,779)</u>											<u>(36,296,779)</u>	<u>17,487,299</u>
5															
6	Operating Expenses:														
7	Operation & Maintenance:														
8	Fuel (nonrecoverable)	-	-											-	-
9	Purchased Power	35,867,580	(35,867,580)											(35,867,580)	-
10	Other	9,020,368	(403,063)											(403,063)	8,617,304
11	Depreciation & Amortization	2,828,638	(1,836)											(1,836)	2,826,802
12	Decommissioning Expense	-	-											-	-
13	Taxes Other Than Income Taxes	4,013,151	(26,133)											(26,133)	3,987,018
14	Income Taxes	(314,573)	691											691	(313,882)
15	Deferred Income Taxes-Net	507,751	-											-	507,751
16	Investment Tax Credit-Net	(29,538)	-											-	(29,538)
17	(Gain)/Loss on Disposal of Plant	-	-											-	-
18															
19	Total Operating Expenses	<u>51,893,378</u>	<u>(36,297,922)</u>											<u>(36,297,922)</u>	<u>15,595,456</u>
20															
21	Net Operating Income	<u>1,890,700</u>	<u>1,143</u>											<u>1,143</u>	<u>1,891,843</u>

Supporting Schedules: C3

Recap Schedules: C1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule of net operating income adjustments for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule C-3.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh, Cheryl Martin

Line No.	Jurisdictional Amount Schedule C-1 Col. 5	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	Total Adjustments	Adjusted Jurisdictional NOI
1	Operating Revenues:														
2	Sales of Electricity	61,786,961	(45,301,999)											(45,301,999)	16,484,962
3	Other Operating Revenues	702,003	0											-	702,003
4	Total Operating Revenues	<u>62,488,964</u>	<u>(45,301,999)</u>											<u>(45,301,999)</u>	<u>17,186,965</u>
5															
6	Operating Expenses:														
7	Operation & Maintenance:	-												-	-
8	Fuel (nonrecoverable)	-	-											-	-
9	Purchased Power	44,852,209	(44,852,209)											(44,852,209)	-
10	Other	10,498,563	(417,172)											(417,172)	10,081,391
11	Depreciation & Amortization	3,421,139	(2,292)											(2,292)	3,418,847
12	Decommissioning Expense	-	-											-	-
13	Taxes Other Than Income Taxes	4,320,401	(32,618)											(32,618)	4,287,783
14	Income Taxes	(1,361,822)	862											862	(1,360,960)
15	Deferred Income Taxes-Net	581,498	-											-	581,498
16	Investment Tax Credit-Net	(27,935)	-											-	(27,935)
17	(Gain)/Loss on Disposal of Plant	-	-											-	-
18															
19	Total Operating Expenses	<u>62,284,053</u>	<u>(45,303,429)</u>											<u>(45,303,429)</u>	<u>16,980,624</u>
20															
21	Net Operating Income	<u>204,910</u>	<u>1,431</u>											<u>1,431</u>	<u>206,341</u>

Supporting Schedules: C3

Recap Schedules: C1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: List and explain all proposed adjustments to net operating income for the test year, the prior year and the most recent historical year.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh, Cheryl Martin

Line No.	Adjustment	Reason for Adjustment or Omission (Provide Supporting Schedules)	(1) Total Adjustment	(2) Jurisdictional Factor	(3) Jurisdictional Adjustment
1	Operating Revenue - Commission				
2	Operating Revenue - Company	Eliminate Fuel Revenues	(30,359,021)	100%	(30,359,021)
3					
4	Other Revenues/Fuel & Conservation O/U - Commission				
5	Other Revenue/Fuel & Conservation O/U - Company	Eliminate Conservation and Fuel O/U and Conservation Revenues	(759,903)	100%	(759,903)
6					
7	Provision for Rate Refund - Commission				
8	Provision for Rate Refund - Company				
9					
10	Operating Expense - Commission				
11	Operating Expense - Company	Eliminate Fuel Expenses	(30,606,436)	100%	(30,606,436)
12					
13	Fuel Expense - Commission				
14	Fuel Expense - Company	Eliminate Conservation Expenses	(456,411)	100%	(456,411)
15					
16	Maintenance Expense - Commission				
17	Maintenance Expense - Company				
18					
19	Depreciation Expense - Commission				
20	Depreciation Expense - Company	Eliminate NonUtility Depreciation Expense	(11,398)	100%	(11,398)
21					
22	Taxes Other than Income Exclu GR - Commission				
23	Taxes Other than Income Exclu GR - Company				
24					
25	Taxes Other than Income - Commission				
26	Taxes Other than Income - Company	Eliminate Taxes other than Income	(22,079)	100%	(22,079)
27					
28	Income Taxes - Commission				
29	Income Taxes - Company	Eliminate Income Taxes	8,498	100%	8,498
30					
31	Deferred Income Tax - Commission				
32	Deferred Income Tax - Company				

Supporting Schedules:

Recap Schedules: C-2

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: List and explain all proposed adjustments to net operating income for the test year, the prior year and the most recent historical year.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh, Cheryl Martin

Line No.	Adjustment	Reason for Adjustment or Omission (Provide Supporting Schedules)	(1) Total Adjustment	(2) Jurisdictional Factor	(3) Jurisdictional Adjustment
1	Operating Revenue - Commission				
2	Operating Revenue - Company	Eliminate Fuel and Conservation Revenues	(36,296,779)	100%	(36,296,779)
3					
4	Other Revenue - Commission				
5	Other Revenue - Company				
6					
7	Provision for Rate Refund - Commission				
8	Provision for Rate Refund - Company				
9					
10	Operating Expense - Commission				
11	Operating Expense - Company	Eliminate Fuel Expenses	(35,867,580)	100%	(35,867,580)
12					
13	Fuel Expense - Commission				
14	Fuel Expense - Company	Eliminate Conservation Expenses	(403,063)	100%	(403,063)
15					
16	Maintenance Expense - Commission				
17	Maintenance Expense - Company				
18					
19	Depreciation Expense - Commission				
20	Depreciation Expense - Company	Eliminate NonUtility Depreciation Expense	(1,836)	100%	(1,836)
21					
22	Taxes Other than Income Exclu GR - Commission				
23	Taxes Other than Income Exclu GR - Company				
24					
25	Taxes Other than Income - Commission				
26	Taxes Other than Income - Company	Eliminate Taxes other than Income	(26,133)	100%	(26,133)
27					
28	Income Taxes - Commission				
29	Income Taxes - Company	Eliminate Income Taxes	691	100%	691
30					
31	Deferred Income Tax - Commission				
32	Deferred Income Tax - Company		0	100%	-

Supporting Schedules:

Recap Schedules: C1, C2

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: List and explain all proposed adjustments to net operating income for the test year, the prior year and the most recent historical year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh, Cheryl Martin

Line No.	Adjustment	Reason for Adjustment or Omission (Provide Supporting Schedules)	(1) Total Adjustment	(2) Jurisdictional Factor	(3) Jurisdictional Adjustment
1	Operating Revenue - Commission				
2	Operating Revenue - Company	Eliminate Fuel and Conservation Revenues	(45,301,999)	100%	(45,301,999)
3					
4	Other Revenue - Commission				
5	Other Revenue - Company				
6					
7	Provision for Rate Refund - Commission				
8	Provision for Rate Refund - Company				
9					
10	Operating Expense - Commission				
11	Operating Expense - Company	Eliminate Fuel Expenses	(44,852,209)	100%	(44,852,209)
12					
13	Fuel Expense - Commission				
14	Fuel Expense - Company	Eliminate Conservation Expenses	(417,172)	100%	(417,172)
15					
16	Maintenance Expense - Commission				
17	Maintenance Expense - Company				
18					
19	Depreciation Expense - Commission				
20	Depreciation Expense - Company	Eliminate NonUtility Depreciation Expense	(2,292)	100%	(2,292)
21					
22	Taxes Other than Income Exclu GR - Commission				
23	Taxes Other than Income Exclu GR - Company				
24					
25	Taxes Other than Income - Commission				
26	Taxes Other than Income - Company	Eliminate Taxes other than Income	(32,618)	100%	(32,618)
27					
28	Income Taxes - Commission				
29	Income Taxes - Company	Eliminate Income Taxes	862	100%	862
30					
31	Deferred Income Tax - Commission				
32	Deferred Income Tax - Company		0	100%	-

Supporting Schedules:

Recap Schedules: C1, C2

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide jurisdictional factors for net operating income for the test year, and the most recent historical year if the test year is projected.

Type of Data Shown:

Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh, Cheryl Martin

Line No.	Account No.	Account Title	Total Company	FPSC Jurisdictional	Jurisdictional Separation Factor
----------	-------------	---------------	---------------	---------------------	----------------------------------

All sales of electricity in the Northwest/Marianna and Northeast/Fernandina Beach Divisions are subject to regulation by the Florida Public Service Commission. Therefore, the Jurisdictional Factor is 100 %.

Supporting Schedules:

Recap Schedules: C-1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of operating revenue by primary account for the test year. Provide the per books amounts and the adjustments required to adjust the per books amounts to reflect the requested test year operating revenues.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Doreen Cox, Mark Cutshaw

Account No.	Account Title	(1) Per Books	(2) Non-Jurisdictional	(3) Jurisdictional (1)-(2)	Adjustments					(9) Total (4) thru (8)	(10) Adjusted Total (3)-(9)
					(4) Fuel	(5) Conservation	(6) Franchise Fees	(7) Other (Gross Receipts)	(8) Other (Specify)		
SALES OF ELECTRICITY											
440	Residential Sales	22,556,093	-	22,556,093	13,378,603	160,976	856,904	566,064	-	14,962,547	7,593,546
442	Commercial Sales	18,145,943	-	18,145,943	12,423,831	152,294	809,693	459,718	-	13,845,536	4,300,407
442	Industrial Sales	5,350,079	-	5,350,079	4,301,616	73,499	295,263	133,746	-	4,804,124	545,955
443	Outdoor Lighting	1,085,456	-	1,085,456	169,327	2,428	38,067	22,631	-	232,453	853,003
444	Public Street & Highway Lighting	286,326	-	286,326	58,938	895	11,526	2,224	-	73,583	212,743
445	Other Sales to Public Authorities	-	-	-	-	-	-	-	-	-	-
446	Sales to Railroads & Railways	-	-	-	-	-	-	-	-	-	-
448	Interdepartmental Sales	28,629	-	28,629	26,706	-	1,183	740	-	28,629	-
	Total Sales to Ultimate Consumers	47,452,526	-	47,452,526	30,359,021	390,092	2,012,636	1,185,123	-	33,946,872	13,505,654
447	Sales for Resale	-	-	-	-	-	-	-	-	-	-
	TOTAL SALES OF ELECTRICITY	47,452,526	-	47,452,526	30,359,021	390,092	2,012,636	1,185,123	-	33,946,872	13,505,654
449.1	(Less) Provision for Rate Refunds	-	-	-	-	-	-	-	-	-	-
	TOTAL REVENUE NET OF REFUND PROVI	47,452,526	-	47,452,526	30,359,021	390,092	2,012,636	1,185,123	-	33,946,872	13,505,654
OTHER OPERATING REVENUES											
450	Forfeited Discounts	354,696	-	354,696	-	-	-	-	-	-	354,696
451	Miscellaneous Service Revenues	219,900	-	219,900	-	-	-	-	-	-	219,900
453	Sales of Water and Water Power	-	-	-	-	-	-	-	-	-	-
454	Rent from Electric Property	114,078	-	114,078	-	-	-	-	-	-	114,078
455	Interdepartmental Rents	-	-	-	-	-	-	-	-	-	-
456	Other Electric Revenues (In Detail)	-	-	-	-	-	-	-	-	-	-
4561	OVER-RECOVERY: FUEL AD	307,430	-	307,430	307,430	-	-	-	-	307,430	-
4562	MISC. ELECTRIC REVENUE	7,846	-	7,846	-	-	-	-	-	-	7,846
4563	Unbilled Revenue	8,373	-	8,373	-	-	-	-	-	-	8,373
4566	OVERRECOVERY: CONSER	62,382	-	62,382	-	62,382	-	-	-	62,382	-
	TOTAL OTHER OPERATING REVENUES	1,074,705	-	1,074,705	307,430	62,382	-	-	-	369,812	704,893
	TOTAL ELECTRIC OPERATING REVENUES	48,527,231	-	48,527,231	30,666,451	452,474	2,012,636	1,185,123	-	34,316,684	14,210,547

Supporting Schedules:

Recap Schedules: C-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule of operating revenue by primary account for the test year. Provide the per books amounts and the adjustments required to adjust the per books amounts to reflect the requested test year operating revenues.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Doreen Cox, Mark Cutshaw

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

Account No.	Account Title	Projection Factor	Projection Basis	(1) Per Books	(2) Non-Jurisdictional	(3) Jurisdictional (1)-(2)	Adjustments					(9) Total (4) thru (8)	(10) Adjusted Total (3)-(9)
							(4) Fuel	(5) Conservation	(6) Franchise Fees	(7) Other (Gross Receipts)	(8) Other (Specify)		
SALES OF ELECTRICITY													
440	Residential Sales		Billing Determinants	25,001,701	-	25,001,701	15,801,525	166,449	852,671	625,018		17,445,664	7,556,037
442	Commercial Sales		Billing Determinants	20,619,498	-	20,619,498	14,850,206	157,472	807,515	515,467		16,330,660	4,288,838
442	Industrial Sales		Billing Determinants	5,996,020	-	5,996,020	4,964,201	75,998	282,876	149,895		5,472,969	523,050
443	Outdoor Lighting		Billing Determinants	1,123,203	-	1,123,203	205,905	2,511	37,881	28,079		274,375	848,828
444	Public Street & Highway Lighting		Billing Determinants	335,201	-	335,201	71,586	925	13,070	8,380		93,961	241,241
445	Other Sales to Public Authorities			-	-	-	-	-	-	-		-	-
446	Sales to Railroads & Railways			-	-	-	-	-	-	-		-	-
448	Interdepartmental Sales			-	-	-	-	-	-	-		-	-
	Total Sales to Ultimate Consumers			53,075,623	-	53,075,623	35,893,424	403,355	1,994,012	1,326,839	-	39,617,630	13,457,993
447	Sales for Resale			-	-	-	-	-	-	-		-	-
	TOTAL SALES OF ELECTRICITY			53,075,623	-	53,075,623	35,893,424	403,355	1,994,012	1,326,839	-	39,617,630	13,457,993
449.1	(Less) Provision for Rate Refunds			-	-	-	-	-	-	-		-	-
	TOTAL REVENUE NET OF REFUND PROVISION			53,075,623	-	53,075,623	35,893,424	403,355	1,994,012	1,326,839	-	39,617,630	13,457,993
OTHER OPERATING REVENUES													
450	Forfeited Discounts	99.65	Base Revenues	353,444	-	353,444	-	-	-	-		-	353,444
451	Miscellaneous Service Revenues	101.20	2	222,539	-	222,539	-	-	-	-		-	222,539
453	Sales of Water and Water Power			-	-	-	-	-	-	-		-	-
454	Rent from Electric Property	102.20	1	116,588	-	116,588	-	-	-	-		-	116,588
455	Interdepartmental Rents			-	-	-	-	-	-	-		-	-
456	Other Electric Revenues (In Detail)			-	-	-	-	-	-	-		-	-
4561	OVER-RECOVERY-FUEL AD		Direct	-	-	-	-	-	-	-		-	-
4562	MISC.ELECTRIC REVENU	100.00	9	7,846	-	7,846	-	-	-	-		-	7,846
4563	Unbilled Revenue		Direct	8,039	-	8,039	-	-	-	-		-	8,039
4566	OVERRECOVERY: CONSER		Direct	-	-	-	-	-	-	-		-	-
	TOTAL OTHER OPERATING REVENUES			708,456	-	708,456	-	-	-	-		-	708,456
	TOTAL ELECTRIC OPERATING REVENUES			53,784,078	-	53,784,078	35,893,424	403,355	1,994,012	1,326,839	-	39,617,630	14,166,448

Supporting Schedules: C6

Recap Schedules: C1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule of operating revenue by primary account for the test year. Provide the per books amounts and the adjustments required to adjust the per books amounts to reflect the requested test year operating revenues.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Doreen Cox, Mark Cutshaw

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

Account No.	Account Title	Projection Factor	Projection Basis	(1) Per Books	(2) Non-Jurisdictional	(3) Jurisdictional (1)-(2)	Adjustments					(10) Adjusted Total (3)-(9)
							(4) Fuel	(5) Conservation	(6) Franchise Fees	(7) Other (Gross Receipts)	(8) Other (Specify)	
	SALES OF ELECTRICITY											
440	Residential Sales		Billing Determinants	29,052,504	-	29,052,504	19,969,427	172,275	829,938	726,284	21,697,924	7,354,580
442	Commercial Sales		Billing Determinants	24,065,255	-	24,065,255	18,441,467	162,984	769,937	601,608	19,975,996	4,089,259
442	Industrial Sales		Billing Determinants	7,103,505	-	7,103,505	6,101,359	78,658	261,809	177,581	6,619,407	484,098
443	Outdoor Lighting		Billing Determinants	1,203,077	-	1,203,077	276,318	2,598	38,196	30,076	347,188	855,889
444	Public Street & Highway Lighting		Billing Determinants	362,619	-	362,619	95,955	958	13,190	9,065	119,167	243,452
445	Other Sales to Public Authorities			-	-	-	-	-	-	-	-	-
446	Sales to Railroads & Railways			-	-	-	-	-	-	-	-	-
448	Interdepartmental Sales			-	-	-	-	-	-	-	-	-
	Total Sales to Ultimate Consumers			61,786,961	-	61,786,961	44,884,526	417,473	1,913,070	1,544,614	48,759,683	13,027,278
447	Sales for Resale			-	-	-	-	-	-	-	-	-
	TOTAL SALES OF ELECTRICITY			61,786,961	-	61,786,961	44,884,526	417,473	1,913,070	1,544,614	48,759,683	13,027,278
449.1	(Less) Provision for Rate Refunds			-	-	-	-	-	-	-	-	-
	TOTAL REVENUE NET OF REFUND PROVISION			61,786,961	-	61,786,961	44,884,526	417,473	1,913,070	1,544,614	48,759,683	13,027,278
	OTHER OPERATING REVENUES											
450	Forfeited Discounts	96.80	Base Revenues	342,133	-	342,133	-	-	-	-	-	342,133
451	Miscellaneous Service Revenues	101.20	2	225,209	-	225,209	-	-	-	-	-	225,209
453	Sales of Water and Water Power			-	-	-	-	-	-	-	-	-
454	Rent from Electric Property	102.30	1	119,269	-	119,269	-	-	-	-	-	119,269
455	Interdepartmental Rents			-	-	-	-	-	-	-	-	-
456	Other Electric Revenues (In Detail)			-	-	-	-	-	-	-	-	-
4561	OVER-RECOVERY:FUEL AD		Direct	-	-	-	-	-	-	-	-	-
4562	MISC.ELECTRIC REVENUE	100.00	9	7,846	-	7,846	-	-	-	-	-	7,846
4563	Unbilled Revenue		Direct	7,546	-	7,546	-	-	-	-	-	7,546
4566	OVERRECOVERY: CONSER		Direct	-	-	-	-	-	-	-	-	-
	TOTAL OTHER OPERATING REVENUES			702,003	-	702,003	-	-	-	-	-	702,003
	TOTAL ELECTRIC OPERATING REVENUES			62,488,964	-	62,488,964	44,884,526	417,473	1,913,070	1,544,614	48,759,683	13,729,281

Supporting Schedules: C6

Recap Schedules: C1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: If the test year is PROJECTED, provide the budgeted versus actual operating revenues and expenses by primary account for a historical five year period and the forecasted data for the test year and the prior year.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Projected Prior Year Ended 12/31/07
 Historical Year Ended 12/31/02, 03, 04, 05, 06
 Witness: Doreen Cox, Mehrdad Khojasteh

Line No.	Account No.	Account Title	2002 Year 1		2003 Year 2		2004 Year 3		2005 Year 4		2006 Year 5		2007 Projected Prior Year	2008 Projected Test Year
			Budget (000)	Actual (000)	(000)	(000)								
1		BASE REVENUES												
2														
3	4000.4400	RESIDENTIAL SALES	6,327	6,323	6,317	6,291	7,379	6,997	7,366	7,559	7,447	7,594	7,556	7,355
4	4000.4420	COMMERCIAL SALES	3,970	4,013	3,908	4,053	4,681	3,997	4,810	4,307	4,421	4,300	4,289	4,089
5	4000.4423	INDUSTRIAL	545	453	565	450	572	507	550	556	543	546	523	484
6	4000.4430	OUTDOOR LIGHTING	0	0	0	0	546	749	687	824	773	853	849	856
7	4000.4440	PUBLIC ST&HWY	161	179	268	187	249	205	165	214	206	213	241	244
8	4000.4450	PUBLIC AUTH.	0	0	0	0	0	0	0	0	0	0	0	0
9	4000.4480	INTERDEPT.SALES	39	38	36	12	13	7	0	0	7	0	0	0
10	4000.4490	RATE REFUNDS	0	(30)	0	0	0	0	0	0	0	0	0	0
11														
12	4000.4500	FORFEITED DISC.	104	125	253	351	220	352	364	357	347	355	353	342
13	4000.4510	MISC. SERVICE REVENUE	134	165	132	125	147	200	255	246	269	220	223	225
14	4000.4540	RENT	105	104	106	105	108	106	108	116	123	114	117	119
15	4000.4560	MISC OTHER REVENUE	7	15	13	19	11	2	20	9	5	16	16	15
16														
17		TOTAL BASE REVENUES	11,392	11,385	11,598	11,593	13,926	13,122	14,325	14,188	14,141	14,211	14,167	13,729

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: If the test year is PROJECTED, provide the budgeted versus actual operating revenues and expenses by primary account for a historical five year period and the forecasted data for the test year and the prior year.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Projected Prior Year Ended 12/31/07
 Historical Year Ended 12/31/02, 03, 04, 05, 06
 Witness: Doreen Cox, Mehrdad Khojasteh

Line No.	Account No.	Account Title	2002 Year 1		2003 Year 2		2004 Year 3		2005 Year 4		2006 Year 5		2007 Projected	2008 Projected
			Budget (000)	Actual (000)	Prior Year (000)	Test Year (000)								
18	OPERATING EXPENSES (LESS FUEL & CONSERVATION)													
19														
20	4010.5620	STATION EXPENSES	0	13	18	16	24	13	18	11	19	17	42	43
21	4010.5660	MISC. TRANS. EXPS.	18	8	1	2	1	0	1	4	1	0	12	31
22														
23	4010.5800	OP SUPERVISION	239	235	215	247	347	283	318	334	346	307	380	435
24	4010.5820	STATION EXPENSES	13	34	41	41	50	39	50	50	51	47	95	100
25	4010.5830	OVHD LINES/TRANS	76	89	50	63	54	64	76	81	91	113	120	129
26	4010.5840	UNDERGROUND LINE EXP	19	35	24	36	34	28	31	28	31	30	31	33
27	4010.5850	STREET LIGHT EXPENSE	18	28	31	18	28	21	29	14	47	12	13	14
28	4010.5860	METER EXPENSES	188	210	176	229	241	228	247	250	250	256	273	292
29	4010.5870	AREA LIGHT EXP.	66	99	72	101	107	108	78	87	103	93	100	106
30	4010.5880	MISC. DISTR.OFFICE EXP	175	162	157	168	267	177	237	229	230	208	273	312
31	4010.5890	RENTS	18	13	18	6	13	17	39	1	1	1	1	1
32														
33	4010.9010	SUPERVISION	122	97	108	122	190	154	154	173	190	115	123	134
34	4010.9020	METER READING EXP.	173	221	204	242	234	233	253	234	236	277	296	316
35	4010.9030	CUSTOMER RECORDS	784	685	702	730	877	739	878	746	772	758	801	868
36	4010.9040	UNCOLL. ACCOUNTS	79	27	77	66	72	73	78	8	80	87	88	217
37	4010.9050	MISC. CUST. ACCTS. EXP.	56	77	137	86	85	82	97	81	85	94	97	101
38														
39	4010.9130	ADVERTISING	1	3	0	3	4	19	7	22	89	131	164	170
40	4010.9160	MISC. SALES EXPENSE	0	0	0	2	1	2	3	2	28	13	14	14
41														
42	4010.9200	ADM & GENERAL SALARIES	732	848	981	833	886	825	1,011	831	936	960	1,071	1,192
43	4010.9210	OFFICE SUPPLIES & EXP.	196	229	172	187	172	195	206	203	137	152	161	170
44	4010.9230	OUTSIDE SERVICES	73	95	137	156	171	91	216	152	270	197	285	300
45	4010.9240	PROPERTY INSURANCE	164	158	165	162	229	182	160	175	157	175	181	264
46	4010.9250	INJURIES AND DAMAGES	206	362	353	591	436	475	471	427	546	438	591	499
47	4010.9260	EMPLOYEE PENSION/BENEFITS	301	255	573	440	558	768	785	871	881	901	914	1,006
48	4010.9280	REGULATORY EXPS.	4	6	24	9	89	66	117	119	110	131	134	254
49	4010.9302	MISC GENERAL EXPENSES	88	130	94	78	61	87	104	103	95	86	99	102
50	4010.9310	RENTS	4	4	3	5	4	6	9	7	7	8	8	9
51														
52	TOTAL OPERATION EXPENSES		3,813	4,123	4,533	4,639	5,235	4,975	5,673	5,243	5,789	5,607	6,367	7,112

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: If the test year is PROJECTED, provide the budgeted versus actual operating revenues and expenses by primary account for a historical five year period and the forecasted data for the test year and the prior year.

Type of Data Shown:

Projected Test Year Ended 12/31/08

Projected Prior Year Ended 12/31/07

Historical Year Ended 12/31/02, 03, 04, 05, 06

Witness: Doreen Cox, Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Account No.	Account Title	2002 Year 1		2003 Year 2		2004 Year 3		2005 Year 4		2006 Year 5		2007 Projected Prior Year	2008 Projected Test Year
			Budget (000)	Actual (000)	(000)	(000)								
53		MAINTENANCE EXPENSE												
54														
55	4020.5700	MAINT STATION EQUIP	39	20	23	32	42	11	72	60	34	99	102	106
56	4020.5710	MAIN OVERHEAD LINES	12	24	12	9	18	9	12	53	12	78	81	84
57	4020.5730	MAINT MISC TRANS. PLT	0	0	0	0	0	0	0	0	0	0	0	0
58														
59	4020.5900	MAINT SUPER/ENG	86	61	89	84	89	150	204	133	138	136	147	163
60	4020.5910	MAINT OF STRUCTURES	2	8	4	3	4	2	20	13	10	10	10	11
61	4020.5920	MAINT OF STATION EQUIP	74	75	112	57	182	60	84	170	106	73	75	78
62	4020.5930	MAINT OF POLES/COND/SER	861	808	676	855	1,021	989	1,076	1,184	1,159	1,125	1,216	1,868
63	4020.5940	MAINT OF U/G LINES	115	137	119	103	124	145	135	133	130	136	151	161
64	4020.5950	MAINT OF TRANSFORMERS	114	87	106	117	130	102	218	96	82	126	135	144
65	4020.5960	MAINT OF STREET LIGHTS	16	19	16	23	20	28	58	30	30	49	52	56
66	4020.5970	MAINT OF METERS	21	38	19	33	30	30	42	28	32	35	38	40
67	4020.5980	MAINT OF MISC DISTR PLT	35	53	37	60	54	70	64	66	65	71	74	77
68														
69	4020.9350	MAINT OF GENERAL PLANT	70	38	122	65	155	50	91	78	188	160	168	181
70														
71		TOTAL MAINTENANCE EXPENSE	1,445	1,368	1,335	1,441	1,869	1,646	2,076	2,044	1,986	2,098	2,249	2,969
72														
73	4030.1000	DEPRECIATION EXPENSE	2,225	2,116	2193	2333	2,608	2,323	2,473	2,404	2,476	2,610	2,719	2,933
74														
75	4030.2000	DEPRECIATION EXP. - COMMON	48	71	81	83	101	96	88	116	120	112	108	132
76														
77	4070.3000	AMORTIZATION - STORM HARDENING	0	0	0	0	0	0	0	0	0	0	0	355
78														
79	4080.0000	TAXES OTHER THAN INC. TAXES	3,144	3,289	3,110	2,777	2,964	3,401	3,203	3,958	3,913	3,982	4,011	4,320
80														
81	4090.4100	INCOME TAXES CURRENT/DEF	490	349	269	664	619	604	516	701	303	577	193	(780)
82														
83	4110.0000	INVESTMENT TAX CREDIT	(46)	(56)	(52)	(52)	(47)	(40)	(35)	(35)	(32)	(32)	(29)	(28)
84														
85		TOTAL OPERATING EXPENSES	11,119	11,260	11,469	11,885	13,349	13,005	13,994	14,431	14,555	14,954	15,618	17,013

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Account No.	Account Title	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	12 Month Total
1		OPERATING EXPENSES													
2															
3	555-557	Other Power Supply Expenses													
4	555	PURCHASED POWER	2,312,187	2,818,525	2,181,902	2,238,746	2,629,859	2,805,401	2,991,769	3,017,484	2,514,044	2,307,352	2,133,682	2,332,709	30,283,660
5	55501	PURCHASED POWER-QUAL	4,488	11,407	1,870	5,049	4,301	2,992	4,862	7,293	6,732	5,236	9,163	8,976	72,369
6	5551	UNDER REC:FUEL ADJ.	118,551	(198,208)	134,320	(89)	(268,734)	(179,268)	134,320	(29,641)	134,320	134,320	(65,942)	(9,781)	(95,832)
7	556	SYSTEM CONTROL & LOA													
8	557	OTHER EXPENSES	(565)	5,421	(16,501)	245	44,573	105,507	1,041	26,650	59,797	1,081	39,811	79,179	346,239
9															
10	560-567.1	Transmission Expenses - Operation													
11	562	STATION EXPENSES	343	509	837	1,738	1,940	3,997	365	1,174	1,411	2,136	601	2,073	17,124
12	566	MISC TRANSMISSION EX	10	-	-	-	-	-	-	-	102	-	-	-	112
13															
14	580-589	Distribution Expenses - Operation													
15	580	OPERATION SUPERVISION & ENG	26,419	19,415	28,164	22,154	26,434	27,173	21,851	28,370	29,337	21,475	21,013	35,317	307,122
16	581	LOAD DISPATCHING													
17	582	STATION EXPENSES	3,863	2,188	4,028	4,686	2,838	6,466	2,349	3,052	2,867	4,135	4,092	6,518	47,082
18	5831	OPERATION OF OVERHEA	2,431	2,314	4,080	3,234	3,096	5,531	2,934	5,899	2,987	8,730	8,166	2,015	51,417
19	5832	REMOVING & RESETTING	3,931	3,104	3,929	2,818	6,111	4,790	7,755	6,742	7,831	6,872	3,139	4,366	61,388
20	5841	UNDERGROUND LINE EXP	-	64	679	-	530	249	280	279	478	299	385	286	3,529
21	5842	UNDERGRND LINE EXPN	1,460	1,790	3,760	1,922	4,299	4,288	1,506	1,077	1,976	815	1,275	1,902	26,070
22	585	STREET LIGHT/SIGNAL	463	832	1,170	1,613	1,326	853	372	1,255	860	703	1,678	832	11,957
23	586	METER EXPENSES	22,142	17,620	22,572	18,791	19,012	21,659	18,686	20,414	24,229	26,657	24,027	19,861	255,670
24	5871	AREA LIGHT EXPENSE	3,359	5,044	4,445	3,820	3,133	3,345	3,859	4,510	5,023	4,770	3,830	6,908	52,046
25	5872	OTHER CUSTOMER INSTA	2,847	2,653	4,317	1,446	6,481	4,125	3,994	3,784	3,051	2,740	3,153	2,617	41,208
26	5881	DISTRIBUTION MAPS &	6,911	6,777	8,125	6,468	9,568	9,717	7,648	8,815	5,651	8,187	8,312	13,003	99,182
27	5882	OTHER DIST OFFICE SU	6,963	5,061	9,958	7,974	6,752	11,614	7,916	4,544	11,537	3,416	8,453	13,877	98,065
28	5883	MISC DISTRIBUTION OF	1,503	1,805	432	1,760	457	432	520	523	432	396	695	1,465	10,420
29	589	RENTS	215	-	-	108	-	-	108	345	-	67	18	169	1,030
30															
31	901-905	Customer Accounts - Operation													
32	901	SUPERVISION	11,164	254	5,060	4,685	4,817	4,557	4,183	4,590	4,564	7,243	6,424	11,025	68,566
33	9011	SUPERVISION A&G	-	7,776	4,017	3,008	3,825	4,736	3,095	5,074	4,267	3,083	4,638	2,980	46,499
34	902	METER READING EXPENS	21,390	21,045	27,269	19,961	23,797	25,345	22,108	24,872	22,788	22,595	23,267	22,444	276,881
35	903	CUSTOMER RECORDS/COL	56,864	19,383	44,104	33,643	37,192	45,092	42,307	44,652	41,988	42,783	42,237	47,307	497,552
36	9031	CUSTOMER RECORDS/COL	-	39,336	24,147	21,497	20,886	24,087	21,265	19,698	21,402	20,962	19,684	27,186	260,150
37	904	UNCOLLECTIBLE ACCOUN	5,185	4,536	4,063	4,376	4,555	5,322	6,086	5,915	6,148	5,037	4,231	31,961	87,415
38	905	MISC CUSTOMER ACCOUN	9,145	4,123	5,515	6,146	5,956	7,620	4,860	6,263	5,802	3,928	6,386	12,365	78,109
39	9051	MISC CUSTOMER ACCNT	-	1,824	1,416	1,580	1,666	1,442	1,171	1,540	1,363	1,337	1,408	1,504	16,251
40															
41	906-910	Customer Service and Info - Operation													
42	9061	UNDERRECOVERY: CONSE													
43	907	SUPERVISION	5,981	6,759	7,862	6,118	7,711	5,528	2,934	8,759	3,071	6,007	5,260	7,951	73,941
44	908	CUSTOMER ASSISTANCE	16,419	15,762	17,658	11,621	14,301	15,346	15,197	18,299	16,536	18,926	18,039	22,191	200,295
45	909	INFO & INSTRUCTIONAL	20,110	823	22,552	(1,759)	23,699	14,932	14,242	10,324	23,456	5,977	15,032	9,751	159,139
46	910	MISC CUSTOMER SERVIC	1,785	1,901	2,065	1,078	1,397	1,618	1,634	1,472	3,943	1,414	1,658	2,821	22,786
47															
48	911-917	Sales Expenses - Operation													
49	912	DEMONSTRATING & SELL													
50	9131	PROMOTIONAL ADVERTISING	-	-	-	-	-	-	-	-	-	-	-	-	1,537
51	9132	CONSERVATION ADVERTISING	-	-	-	-	-	7,915	-	-	(6,378)	6,378	(6,378)	-	8,224
52	9133	SAFETY ADVERTISING	138	-	-	145	1,735	1,722	2,406	-	146	-	-	1,932	121,226
53	9134	OTHER INFO/INSTR/CON	5,161	5,190	5,759	10,080	7,643	7,632	5,000	24,304	5,110	19,237	12,636	13,474	-
54	9135	COMMUNITY AFFAIRS AD	-	-	-	-	-	-	-	-	-	-	-	-	-
55	9136	OTHER ADVERTISING	-	-	-	-	-	-	-	-	-	-	-	-	-
56	916	MISC. SALES EXPENSES	112	135	115	119	56	2,279	30	12,349	(2,135)	26	53	110	13,249
57															
58	920-933	Administrative & General - Operation													
59	920	ADM & GENERAL SALARI	76,019	76,068	84,179	74,191	83,356	83,408	79,388	85,033	79,208	78,728	81,023	79,652	960,253

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Title	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	12 Month Total
60	9211	OFFICE SUPPLIES	582	898	1,456	737	714	1,133	1,188	1,258	867	612	619	569	10,633
61	9212	OFFICE POSTAGE & MAI	766	815	1,064	777	160	877	34	769	89	765	21	821	6,958
62	9213	OFF COMPUTER SUPP &	6,234	671	(7,646)	4,875	(3,056)	392	983	1,454	2,550	200	944	337	7,938
63	9214	OFFICE UTILITY EXPEN	3,032	2,614	3,348	1,996	3,596	3,098	2,206	2,740	2,193	3,509	2,602	2,750	33,684
64	9215	MISC OFFICE EXPENSE	5,314	7,027	8,362	7,440	6,101	6,830	11,059	2,905	7,425	9,280	8,060	11,496	91,299
65	9216	CO TRAINING EXPENSE-	-	133	349	-	48	100	-	48	10	929	59	-	1,676
66	9231	OUTSIDE SERVICES - O	-	-	3,498	40	-	-	1,764	-	2,054	631	6,610	3,315	17,912
67	9232	LEGAL FEES AND EXPEN	2,150	1,328	480	1,280	11,872	6,226	1,826	3,334	1,320	3,152	3,176	3,272	39,416
68	9233	OUTSIDE AUDIT & ACCO	11,382	11,382	18,072	11,914	11,514	11,514	9,382	9,382	9,382	(104)	8,832	27,106	139,758
69	924	PROPERTY INSURANCE	13,048	13,048	13,048	13,048	13,048	13,048	13,048	13,048	13,472	13,478	13,475	30,234	175,043
70	9251	INJURIES AND DAMAGES	6,883	3,189	14,079	3,464	9,059	13,744	7,715	9,088	11,136	8,258	10,472	9,959	107,046
71	9252	GENERAL LIABILITY	29,884	29,671	29,385	29,334	29,990	28,288	26,512	29,343	29,331	27,382	27,649	14,561	331,330
72	9261	EMPLOYEE PENSIONS	36,742	31,310	36,604	33,402	33,850	33,869	35,019	11,781	43,709	37,133	27,438	47,960	408,817
73	9262	EMPLOYEE BENEFITS- O	39,224	37,484	41,402	32,729	34,087	29,925	35,348	28,574	43,290	37,409	34,982	43,879	438,333
74	9263	RETIREE BENEFITS-POS	6,413	6,187	6,300	6,300	6,376	6,300	6,300	6,300	(15,432)	4,283	4,283	4,283	47,893
75	9264	401(K) EXPENSE COMPA	-	-	490	333	601	480	560	(3,040)	4,170	641	732	798	5,765
76	928	REGULATORY COMMISSION	716	10,779	12,209	9,370	10,406	13,578	8,960	10,646	15,842	8,077	13,344	17,156	131,083
77	9301	INSTITUTIONAL/GOODWI	-	-	-	-	-	-	-	-	-	-	-	-	-
78	9302	MISC. GENERAL EXPENS	3,124	4,820	13,761	4,509	5,352	6,377	2,049	5,409	6,024	4,835	9,933	10,429	76,622
79	93022	INDUSTRY ASSOCIATION	1,000	(1,000)	1,000	-	82	-	3,308	-	-	-	-	-	4,390
80	93023	ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-	5,000	-	-	-	-	5,000
81	931	RENTS	560	580	550	589	642	613	613	585	820	40	1,671	1,044	8,307
82															
83		TOTAL OPERATING EXPENSES	2,914,048	3,072,172	2,851,679	2,681,109	2,919,010	3,273,844	3,605,915	3,524,337	3,222,196	2,943,558	2,616,051	3,046,915	36,670,834
84		Total Operating Expenses Less Fuel	479,387	435,027	550,088	437,158	509,011	539,212	473,923	502,551	507,303	495,569	499,337	635,632	6,064,398
85		Maintenance Expenses													
86															
87	541-545.1	Hydraulic Power Gen - Maintenance													
88	554	MAINT OF MISC POWER	-	-	-	-	-	-	-	-	-	-	-	-	-
89															
90	568-574	Transmission Expenses - Maintenance													
91	570	MAINT OF STATION EQU	371	845	2,974	4,720	6,291	2,796	2,502	2,520	2,304	2,346	2,616	68,777	99,062
92	571	MAINT OF OVERHEAD LINES	106	145	-	2,837	9,368	24,957	8,032	12,348	8,432	5,692	7,291	(1,255)	77,953
93	573	MAINT OF MISC TRANSMISSION	-	-	-	-	-	-	-	-	-	-	-	446	446
94															
95	590-598	Distribution Expenses - Maintenance													
96	590	MAINT SUPERVISION/EN	14,441	16,085	18,815	11,122	8,625	9,588	7,001	9,164	8,669	8,575	6,416	17,819	136,320
97	591	MAINT OF STRUCTURES	1,046	(151)	20	2,393	(721)	1,226	590	1,333	4,083	(259)	509	-	10,069
98	592	MAINT OF STATION EQUIP	5,283	2,223	12,951	661	9,961	5,500	3,351	9,814	7,273	223	2,603	13,131	72,974
99	5931	MAINT OF POLES/TOWER	12,952	2,277	10,374	2,371	962	2,664	3,700	2,562	1,286	1,178	811	3,393	44,530
100	5932	MAINT OF OVERHEAD CO	55,088	46,001	104,735	42,441	98,128	115,680	85,887	71,504	96,976	72,799	90,083	67,813	947,135
101	5933	MAINT OF SERVICES	10,960	6,766	9,136	7,419	11,146	13,590	11,544	14,691	11,800	10,004	9,725	16,444	133,225
102	5941	MAINT OF UNDERGROUND	626	311	490	246	1,653	421	263	570	549	610	734	988	7,461
103	5942	MAINT OF UNDERGRND L	11,249	4,044	8,196	5,118	7,748	16,343	34,228	9,107	9,681	6,235	6,662	9,939	128,550
104	5951	MAINT OF LINE TRANSF	2,990	2,966	4,047	4,756	6,532	8,130	5,037	4,647	8,386	16,115	8,182	(7,281)	64,507
105	5952	MAINT OF LINE TRANSF	-	-	289	-	-	389	8,244	318	29	(827)	(1,861)	396	6,977
106	5953	MAINT OF LINE TRANSF	3,147	1,182	4,681	2,269	3,113	9,956	3,629	9,639	4,151	3,668	6,780	2,342	54,557
107	596	MAINT -STREET LIGHT/	2,571	1,707	4,799	1,945	2,867	2,339	3,631	2,952	1,821	2,903	9,090	12,474	49,099
108	597	MAINT OF METERS	2,015	2,400	3,154	5,594	2,118	2,766	3,038	2,592	3,973	1,922	2,499	3,179	35,250
109	598	MAINT OF MISC DISTRI	5,491	4,527	5,718	2,933	3,529	5,606	3,742	5,075	5,652	4,771	11,546	12,906	71,496
110	935	Administrative & General - Maintenance													
111	935	MAINT OF GENERAL PLA	13,383	7,544	27,072	9,514	21,326	10,620	14,880	12,211	7,546	12,728	10,459	12,419	159,702
112															
113		TOTAL MAINTENANCE EXPENSES	141,719	98,872	217,451	106,339	192,646	232,571	199,299	171,047	182,611	148,683	174,145	233,930	2,099,313
114															
115															
116															
117															
118															

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Account No.	Account Title	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	12 Month Total
119															
120															
121															
122		Other Operating Expenses													
123															
124	4030.1	DEPRECIATION EXPENSE	215,045	212,491	216,576	224,241	221,074	221,371	222,112	223,655	224,143	224,639	224,987	180,013	2,610,347
125	4030.2	DEPR EXP-COMMON	12,950	9,486	9,586	9,500	8,861	8,817	8,868	8,897	8,897	8,897	8,827	8,465	112,151
126	403	Depreciation Expenses	227,995	221,977	226,162	233,741	229,935	230,188	230,980	232,552	233,040	233,536	233,914	188,478	2,722,498
127															
128	4070.3	Amortization - Storm Hardening	-	-	-	-	-	-	-	-	-	-	-	-	-
129	407	Storm Hardening	-	-	-	-	-	-	-	-	-	-	-	-	-
130															
131	4080.1	AD VALOREM TAXES	44,215	44,215	44,215	44,215	44,215	44,215	44,215	44,215	44,215	44,215	35,868	35,868	513,886
132	4080.2	STATE GROSS RECEIPTS	97,866	97,869	90,971	85,461	90,831	102,708	119,260	112,935	116,828	97,125	81,319	91,611	1,184,784
133	4080.3	FPSC ASSESSMENT	2,712	2,857	2,661	2,501	2,735	3,055	3,654	3,366	3,304	2,780	2,142	2,641	34,408
134	4080.4	EMERGENCY EXCISE TAX	-	-	-	-	-	(8,261)	-	-	-	-	-	-	(8,261)
135	4080.5	FEDERAL UNEMPLOYMENT	2,693	869	(225)	(753)	(738)	(997)	61	128	69	41	70	114	1,332
136	4080.6	STATE UNEMPLOYMENT T	4,025	626	(380)	(1,225)	(1,200)	(1,605)	98	206	111	65	112	184	1,017
137	4080.7	F.I.C.A.	18,978	17,601	32,360	17,342	18,509	16,743	18,576	32,963	18,392	17,420	17,904	14,970	241,758
138	4080.8	MISCELLANEOUS TAXES	-	-	-	-	-	-	-	313	300	-	-	-	613
139	4080.11	FRANCHISE TAX	166,851	170,147	155,756	145,697	155,113	173,835	197,308	191,221	196,953	164,605	138,314	156,835	2,012,635
140	408	Taxes Other Than Income Taxes	337,340	334,184	325,358	293,238	309,465	329,693	383,172	385,347	380,172	326,251	275,729	302,223	3,982,172
141															
142	4090.1	I/T -FEDERAL- UTIL O	122,000	45,400	42,700	80,400	(12,500)	(83,402)	137,374	122,300	90,400	104,900	5,900	4,900	660,372
143	4090.2	I/T -STATE - UTIL O	20,800	7,900	7,300	13,700	(2,200)	(15,089)	23,912	20,900	15,500	17,900	1,000	900	112,523
144	409	Income Taxes	142,800	53,300	50,000	94,100	(14,700)	(98,491)	161,286	143,200	105,900	122,800	6,900	5,800	772,895
145															
146	4100.1	DEFERRED I/T-FEDERAL	(50,683)	16,298	(53,371)	(40,949)	58,125	135,052	(40,482)	(13,614)	(41,552)	(83,449)	10,440	(28,318)	(132,503)
147	4100.2	DEFERRED I/T-STATE	(8,675)	2,792	(9,140)	(7,006)	9,953	23,116	(6,931)	(2,333)	(7,112)	(14,287)	1,793	(4,852)	(22,682)
148	4100.3	DEFERRED I/T AMORTIZ	-	-	-	-	-	-	-	-	(41,157)	-	-	-	(41,157)
149	4100.4	DEFERRED I/T AMORTIZ	-	-	-	-	-	-	-	-	554	-	-	-	554
150	410	Deferred Income Taxes	(59,358)	19,090	(62,511)	(47,955)	68,078	158,168	(47,413)	(15,947)	(89,267)	(97,736)	12,233	(33,170)	(195,788)
151															
152	4110.4	INVEST TAX CREDIT- U	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,688)	(32,322)
153	411	Investment Tax Credit	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,694)	(2,688)	(32,322)
154															
155		TOTAL OTHER OPERATING EXPENSES	646,083	625,857	536,315	570,430	590,084	616,864	725,331	742,458	627,151	582,157	526,082	460,643	7,249,455
156															
157		TOTAL EXPENSES INCLUDING FUEL	3,701,850	3,796,901	3,605,445	3,357,878	3,701,740	4,123,279	4,530,545	4,437,842	4,031,958	3,674,398	3,316,278	3,741,488	46,019,602

Supporting Schedules: C-13, C-14, C-15 C-20

Recap Schedules: C1, C6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Title	Adjustment Basis	Adjustment Factor	Over and Above	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	12 Month Total	
1	OPERATING EXPENSES																		
2																			
3	555-557 Other Power Supply Expenses																		
4	555	PURCHASED POWER	Billing Determinants			2,732,628	3,331,037	2,578,653	2,645,833	3,106,065	3,315,527	3,535,784	3,566,175	2,971,190	2,726,914	2,521,665	2,756,882	35,790,353	
5	55501	PURCHASED POWER-QUAL	19	0%		-	-	-	-	-	-	-	-	-	-	-	-	-	
6	5551	UNDER REC:FUEL ADJ.	Calculated			234,546	(325,203)	247,468	(91,875)	(396,332)	(262,693)	180,420	(295,616)	395,298	373,758	(189,714)	(139,068)	(269,012)	
7	556	SYSTEM CONTROL & LOAD DISP.				-	-	-	-	-	-	-	-	-	-	-	-	-	
8	557	OTHER EXPENSES		100%		(565)	5,421	(16,501)	245	44,573	105,507	1,041	26,650	59,797	1,081	39,811	79,179	346,239	
9																			
10	560-567.1 Transmission Expenses - Operation																		
11	562	STATION EXPENSES	1	102.2%	25,000	2,434	2,604	2,939	3,860	4,066	6,168	2,456	3,283	3,525	4,266	2,698	4,202	42,501	
12	566	MISC TRANSMISSION EXPENSES	13	103.4%	12,000	1,010	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,105	1,000	1,000	1,000	12,116	
13																			
14	580-589 Distribution Expenses - Operation																		
15	580	OPERATION SUPERVISION & ENG	5	105.5%	56,408	32,573	25,183	34,414	28,073	32,589	33,368	27,753	34,631	35,651	27,357	26,869	41,960	380,422	
16	581	LOAD DISPATCHING	13	103.4%		-	-	-	-	-	-	-	-	-	-	-	-	-	
17	582	STATION EXPENSES	5	105.5%	45,000	7,825	6,058	8,000	8,694	6,744	10,572	6,228	6,970	6,775	8,112	8,067	10,626	94,672	
18	5831	OPERATION OF OVERHEA	16	106.8%		2,596	2,471	4,357	3,454	3,307	5,907	3,134	6,300	3,190	9,324	8,721	2,152	54,913	
19	5832	REMOVING & RESETTING	16	106.8%		4,198	3,315	4,196	3,010	6,527	5,116	8,282	7,200	8,364	7,339	3,352	4,663	65,562	
20	5841	UNDERGROUND LINE EXP	5	105.5%		-	68	716	-	559	263	295	294	504	315	406	302	3,723	
21	5842	UNDERGRND LINE EXPEN	5	105.5%		1,540	1,888	3,967	2,028	4,535	4,524	1,589	1,136	2,085	860	1,345	2,007	27,504	
22	585	STREET LIGHT/SIGNAL	16	106.8%		494	889	1,250	1,723	1,416	911	397	1,340	918	751	1,792	889	12,770	
23	586	METER EXPENSES	16	106.8%		23,648	18,818	24,107	20,069	20,305	23,132	19,957	21,802	25,877	28,470	25,661	21,212	273,056	
24	5871	AREA LIGHT EXPENSE	16	106.8%		3,587	5,387	4,747	4,080	3,346	3,572	4,121	4,817	5,365	5,094	4,090	7,378	55,585	
25	5872	OTHER CUSTOMER INSTA	16	106.8%		3,041	2,833	4,611	1,544	6,922	4,406	4,266	4,041	3,258	2,926	3,367	2,795	44,010	
26	5881	DISTRIBUTION MAPS &	16	106.8%		7,381	7,238	8,678	6,908	10,219	10,378	8,168	9,414	6,035	8,744	8,877	13,887	105,926	
27	5882	OTHER DIST OFFICE SU	16	106.8%	50,800	11,670	9,638	14,868	12,750	11,444	16,637	12,688	9,086	16,555	7,882	13,261	19,054	155,533	
28	5883	MISC DISTRIBUTION OF	16	106.8%		1,605	1,928	461	1,880	488	461	555	559	461	423	742	1,565	11,129	
29	589	RENTS	1	102.2%		220	-	-	110	-	-	110	353	-	68	18	173	1,053	
30																			
31	901-905 Customer Accounts - Operation																		
32	901	SUPERVISION	5	105.5%	1,428	11,897	387	5,457	5,062	5,201	4,927	4,532	4,961	4,934	7,760	6,896	11,750	73,765	
33	9011	SUPERVISION A&G	5	105.5%		-	8,204	4,238	3,173	4,035	4,996	3,265	5,353	4,502	3,253	4,893	3,144	49,056	
34	902	METER READING EXPENSE	16	106.8%		22,845	22,476	29,123	21,318	25,415	27,068	23,611	26,563	24,338	24,131	24,849	23,970	285,709	
35	903	CUSTOMER RECORDS/COLLECTION	5	105.5%		59,992	20,449	46,530	35,493	39,238	47,572	44,634	47,108	44,297	45,136	44,560	49,909	524,917	
36	9031	CUSTOMER RECORDS/COL	5	105.5%	1,349	112	41,612	25,588	22,792	22,147	25,524	22,547	20,894	22,692	22,227	20,879	28,794	275,807	
37	904	UNCOLLECTIBLE ACCOUNTS	9	100.0%	175	5,200	4,551	4,078	4,391	4,570	5,337	6,101	5,930	6,163	5,052	4,246	31,976	87,590	
38	905	MISC CUSTOMER ACCOUNTS	13	103.4%		9,456	4,263	5,703	6,355	6,159	7,879	5,025	6,476	5,999	4,062	6,603	12,785	80,765	
39	9051	MISC CUSTOMER ACCTNT	13	103.4%		-	1,886	1,464	1,634	1,723	1,491	1,211	1,592	1,409	1,382	1,456	1,555	16,804	
40																			
41	906-910 Customer Service and Info - Operation																		
42	9061	UNDERRECOVERY: CONSERVATION	Calculated			(12,464)	7,736	(20,268)	11,065	(17,737)	(3,204)	6,610	(3,122)	(10,101)	1,433	(14,696)	(13,859)	(68,607)	
43	907	SUPERVISION	13	103.4%		6,184	6,989	8,129	6,326	7,973	5,716	3,034	9,057	3,175	6,211	5,439	8,221	76,455	
44	908	CUSTOMER ASSISTANCE	13	103.4%		16,977	16,298	18,258	12,016	14,787	15,868	15,714	18,921	17,098	19,569	18,652	22,945	207,105	
45	909	INFO & INSTRUCTIONAL	13	103.4%		20,794	851	23,319	(1,819)	24,505	15,440	14,726	10,675	24,254	6,180	15,543	10,063	164,550	
46	910	MISC CUSTOMER SERVICE	13	103.4%		1,846	1,966	2,135	1,115	1,444	1,673	1,690	1,522	4,077	1,462	1,714	2,917	23,561	
47																			
48	911-917 Sales Expenses - Operation																		
49	912	DEMONSTRATING & SELLING	5	105.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	
50	9131	PROMOTIONAL ADVERTISING	13	103.4%		-	-	-	-	-	-	-	-	-	-	-	-	-	
51	9132	CONSERVATION ADVERTISING	13	103.4%		-	-	-	-	-	8,184	-	-	(6,595)	6,595	(6,595)	-	1,589	
52	9133	SAFETY ADVERTISING	13	103.4%		143	-	-	150	1,794	1,781	2,488	-	151	-	-	1,998	8,504	
53	9134	OTHER INFO/INSTRCON	13	103.4%	28,800	7,736	7,766	8,355	12,823	10,303	10,291	7,570	27,530	7,684	22,291	15,466	16,332	154,148	
54	9135	COMMUNITY AFFAIRS ADVERTISING	13	103.4%		-	-	-	-	-	-	-	-	-	-	-	-	-	
55	9136	OTHER ADVERTISING	13	103.4%		-	-	-	-	-	-	-	-	-	-	-	-	-	
56	916	MISC. SALES EXPENSES	13	103.4%		116	140	119	123	58	2,356	31	12,769	(2,208)	27	55	114	13,699	
57																			

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Account No.	Account Title	Adjustment Basis	Adjustment Factor	Over and Above	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	12 Month Total
58	920-933	Administrative & General - Operation																
59	920	ADM & GENERAL SALARIES	5	105.5%	58,302	85,059	85,110	93,667	83,130	92,799	92,854	88,613	94,568	88,423	87,917	90,338	88,891	1,071,369
60	9211	OFFICE SUPPLIES	1	102.2%		595	918	1,488	753	730	1,158	1,214	1,286	886	625	633	582	10,867
61	9212	OFFICE POSTAGE & MAIL	1	102.2%		783	833	1,087	794	164	896	35	786	91	782	21	839	7,111
62	9213	OFF. COMPUTER SUPP & MAINT	1	102.2%		6,371	686	(7,814)	4,982	(3,123)	401	1,005	1,486	2,606	204	965	344	8,113
63	9214	OFFICE UTILITY EXPENSE	1	102.2%		3,089	2,672	3,422	2,040	3,675	3,166	2,255	2,800	2,241	3,586	2,659	2,811	34,425
64	9215	MISC OFFICE EXPENSE	1	102.2%		5,431	7,182	8,546	7,604	6,235	6,980	11,302	2,968	7,588	9,484	8,237	11,749	93,308
65	9216	CO TRAINING EXPENSE	1	102.2%	5,200	433	569	790	433	482	536	433	482	444	1,383	494	433	6,913
66	9231	OUTSIDE SERVICES - O	1	102.2%				3,575	41			1,803		2,099	645	6,755	3,388	18,306
67	9232	LEGAL FEES AND EXPENSES	1	102.2%		2,197	1,357	491	1,308	12,133	6,363	1,866	3,407	1,349	3,221	3,246	3,344	40,283
68	9233	OUTSIDE AUDIT & ACCO	13	103.4%	82,150	18,615	18,615	25,532	19,165	18,751	18,751	16,547	16,547	16,547	6,738	15,978	34,873	226,660
69	924	PROPERTY INSURANCE	FPUC			13,510	13,510	13,510	13,510	13,510	13,510	13,510	13,510	13,949	13,955	13,952	31,304	181,238
70	9251	INJURIES AND DAMAGES	16	106.8%	632	7,404	3,459	15,089	3,752	9,728	14,731	8,292	9,759	11,946	8,872	11,237	10,689	114,957
71	9252	GENERAL LIABILITY	13	103.4%	133,000	41,983	41,763	41,467	41,415	42,093	40,333	38,497	41,424	41,412	39,396	39,672	26,139	475,595
72	9261	EMPLOYEE PENSIONS	FPUC			27,245	27,245	27,245	27,245	27,245	27,245	27,245	27,245	28,130	28,143	28,136	63,130	365,497
73	9262	EMPLOYEE BENEFITS- O	FPUC			36,399	36,399	36,399	36,399	36,399	36,399	36,399	36,399	37,582	37,598	37,590	84,341	488,303
74	9263	RETIREE BENEFITS-POS	FPUC			4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,156	4,158	4,157	9,327	54,000
75	9264	401(K) EXPENSE COMPA	16	106.8%				523	356	642	513	598	(3,247)	4,454	685	782	852	6,157
76	928	REGULATORY COMMISSION	1	102.2%		732	11,016	12,478	9,576	10,635	13,877	9,157	10,880	16,191	8,255	13,638	17,533	133,967
77	9301	INSTITUTIONAL/GOODWILL	13	103.4%														
78	9302	MISC. GENERAL EXPENSE	13	103.4%		3,230	4,984	14,229	4,662	5,534	6,594	2,119	5,593	6,229	4,999	10,271	10,784	79,227
79	93022	INDUSTRY ASSOCIATION	13	103.4%		1,034	(1,034)	1,034		85		3,420						4,539
80	93023	ECONOMIC DEVELOPMENT	13	103.4%	10,000	833	833	833	833	833	833	833	6,003	833	833	833	833	15,170
81	931	RENTS	1	102.2%		572	593	562	602	656	626	626	598	838	41	1,708	1,067	8,490
82																		
83		TOTAL OPERATING EXPENSES				3,480,816	3,506,881	3,388,335	3,058,025	3,304,617	3,757,446	4,250,827	3,882,186	3,965,816	3,652,978	2,923,292	3,446,745	42,637,966
84		Total Operating Expenses Less Fuel				514,206	495,626	578,716	503,823	548,311	599,105	533,583	584,977	559,530	551,225	561,531	749,752	6,770,386
85		Maintenance Expenses																
86																		
87	541-545.1	Hydraulic Power Gen - Maintenance																
88	554	MAINT OF MISC POWER	13	103.4%														
89																		
90	568-574	Transmission Expenses - Maintenance																
91	570	MAINT OF STATION EQUIP	13	103.4%		384	874	3,075	4,880	6,505	2,891	2,587	2,606	2,382	2,426	2,705	71,115	102,430
92	571	MAINT OF OVERHEAD LINES	13	103.4%		110	150		2,933	9,687	25,806	8,305	12,768	8,719	5,896	7,539	(1,298)	80,603
93	573	MAINT OF MISC TRANSMISSION	13	103.4%													461	461
94																		
95	590-598	Distribution Expenses - Maintenance																
96	590	MAINT SUPERVISION & ENG	5	105.5%	2,856	15,473	17,208	20,088	11,972	9,337	10,353	7,624	9,906	9,384	9,285	7,007	19,037	146,674
97	591	MAINT OF STRUCTURES	13	103.4%		1,082	(156)	21	2,474	(746)	1,268	610	1,378	4,222	(268)	526		10,411
98	592	MAINT OF STATION EQUIP	13	103.4%		5,463	2,299	13,391	683	10,300	5,687	3,465	10,148	7,520	231	2,692	13,577	75,455
99	5931	MAINT OF POLES/TOWER	13	103.4%		13,392	2,354	10,727	2,452	995	2,755	3,826	2,649	1,330	1,218	839	3,508	46,044
100	5932	MAINT OF OVERHEAD CO	13	103.4%	53,248	61,398	52,002	112,733	48,321	105,902	124,050	93,244	78,372	104,711	79,711	97,583	74,556	1,032,586
101	5933	MAINT OF SERVICES	13	103.4%		11,333	6,996	9,447	7,671	11,525	14,052	11,936	15,190	12,201	10,344	10,056	17,003	137,755
102	5941	MAINT OF UNDERGROUND LINES	16	106.8%		669	332	523	263	1,765	450	281	609	586	651	784	1,055	7,968
103	5942	MAINT OF UNDERGROUND LINES	16	106.8%	5,748	12,493	4,798	9,232	5,945	8,754	17,933	37,035	10,205	10,818	7,138	7,594	11,094	143,039
104	5951	MAINT OF LINE TRANSFORMERS	16	106.8%		3,193	3,168	4,322	5,079	6,976	8,683	5,380	4,963	8,956	17,211	8,738	(7,776)	68,893
105	5952	MAINT OF LINE TRANSFORMERS	16	106.8%				309			415	8,805	340	31	(883)	(1,988)	423	7,451
106	5953	MAINT OF LINE TRANSFORMERS	16	106.8%		3,361	1,262	4,999	2,423	3,325	10,633	3,876	10,294	4,433	3,917	7,241	2,501	58,267
107	596	MAINT -STREET LIGHT/SIGNALS	16	106.8%		2,746	1,823	5,125	2,077	3,062	2,498	3,878	3,153	1,945	3,100	9,708	13,322	52,438
108	597	MAINT OF METERS	16	106.8%		2,152	2,563	3,368	5,974	2,262	2,954	3,245	2,768	4,243	2,053	2,669	3,395	37,647
109	598	MAINT OF MISC DIST PLANT	13	103.4%		5,678	4,681	5,912	3,033	3,648	5,797	3,869	5,248	5,844	4,933	11,939	13,345	73,927
110	935	Administrative & General - Maintenance																
111	935	MAINT OF GENERAL PLANT	13	103.4%	2,800	14,071	8,034	28,226	10,071	22,284	11,214	15,619	12,860	8,036	13,394	11,048	13,075	167,932
112																		
113		TOTAL MAINTENANCE EXPENSES				152,997	108,388	231,499	116,253	205,582	247,439	213,584	183,457	195,362	160,347	186,679	248,395	2,249,982
114																		
115																		
116																		
117																		

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Mehrdad Khojasteh

COMPANY:FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.	Account No.	Account Title	Adjustment Basis	Adjustment Factor	Over and Above	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	12 Month Total	
118																			
119																			
120																			
121																			
122		Other Operating Expenses																	
123																			
124	4030.1	DEPRECIATION EXPENSE - ELECTRIC	Direct			222,040	222,710	223,530	223,886	224,295	226,662	227,421	228,303	228,941	230,421	230,949	231,538	2,720,692	
125	4030.1	DEPR ADJ - NONREGULATED ELECTRIC	Direct			-	-	-	-	-	-	-	-	-	-	-	-	-	
126	4030.2	DEPR EXP-COMMON	Direct			8,241	8,241	8,243	8,575	8,604	8,969	9,060	9,119	9,320	9,443	9,889	10,242	107,946	
127	403	Depreciation Expenses				230,281	230,951	231,773	232,461	232,899	235,631	236,481	237,422	238,261	239,864	240,838	241,780	2,828,638	
128																			
129	4070.3	Amortization - Storm Hardening	Direct			-	-	-	-	-	-	-	-	-	-	-	-	-	
130	407	Storm Hardening																	
131																			
132	4080.1	AD VALOREM TAXES	13	103.4%		45,718	45,718	45,718	45,718	45,718	45,718	45,718	45,718	45,718	45,718	45,718	37,088	37,088	531,358
133	4080.2	STATE GROSS RECEIPTS	Pass-Through			109,600	97,869	90,971	85,461	90,831	102,708	119,260	112,935	116,828	97,125	81,319	91,611	1,196,518	
134	4080.3	FPSC ASSESSMENT	Direct			3,012	3,173	2,955	2,778	3,038	3,393	4,058	3,738	3,670	3,088	2,379	2,933	38,214	
135	4080.4	EMERGENCY EXCISE TAX	9			-	-	-	-	-	(8,261)	-	-	-	-	-	-	(8,261)	
136	4080.5	FEDERAL UNEMPLOYMENT	5	105.5%		2,841	917	(237)	(794)	(779)	(1,052)	64	135	73	43	74	120	1,405	
137	4080.6	STATE UNEMPLOYMENT T	5	105.5%		4,246	660	(401)	(1,292)	(1,266)	(1,693)	103	217	117	69	118	194	1,073	
138	4080.7	F.I.C.A.	16	106.8%		20,269	18,798	34,560	18,521	19,768	17,882	19,839	35,204	19,643	18,605	19,121	15,988	258,198	
139	4080.8	MISCELLANEOUS TAXES	13	103.4%		-	-	-	-	-	-	-	324	310	-	-	-	634	
140	4080.11	FRANCHISE TAX	Pass-Through			165,307	168,573	154,315	144,349	153,678	172,227	195,482	189,452	195,131	163,082	137,034	155,384	1,994,012	
141	408	Taxes Other Than Income Taxes				350,994	335,708	327,882	294,740	310,988	330,921	384,526	387,724	381,489	327,729	277,133	303,318	4,013,151	
142																			
143	4090.1	IT -FEDERAL- UTIL O	Direct			(47,642)	(17,729)	(16,675)	(31,397)	4,881	32,569	(53,645)	(47,759)	(35,302)	(40,964)	(2,304)	(1,913)	(257,878)	
144	4090.2	IT -STATE - UTIL O	Direct			(10,480)	(3,980)	(3,678)	(6,903)	1,108	7,603	(12,048)	(10,530)	(7,810)	(9,019)	(504)	(453)	(56,695)	
145	409	Income Taxes				(58,122)	(21,709)	(20,353)	(38,299)	5,990	40,171	(65,693)	(58,289)	(43,111)	(48,983)	(2,808)	(2,367)	(314,573)	
146																			
147	4100.1	DEFERRED IT-FEDERAL	Direct			161,756	(52,016)	170,335	130,690	(185,508)	(431,022)	129,199	43,449	132,614	266,330	(33,320)	90,378	422,887	
148	4100.2	DEFERRED IT-STATE	Direct			32,457	(10,446)	34,197	26,213	(37,239)	(86,488)	25,932	8,729	26,609	53,454	(6,708)	18,154	84,864	
149	4100.3	DEFERRED IT AMORTIZ	Direct			-	-	-	-	-	-	-	-	-	-	-	-	-	
150	4100.4	DEFERRED IT AMORTIZ	Direct			-	-	-	-	-	-	-	-	-	-	-	-	-	
151	410	Deferred Income Taxes				194,213	(62,462)	204,532	156,903	(222,746)	(517,510)	155,132	52,178	159,224	319,784	(40,028)	108,531	507,751	
152																			
153	4110.4	INVEST TAX CREDIT- U	Direct			(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(29,538)	
154	411	Investment Tax Credit				(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(2,461)	(29,538)	
155																			
156		TOTAL OTHER OPERATING EXPENSES				714,905	480,026	741,372	643,343	324,668	86,752	707,983	616,573	733,401	834,933	472,673	648,800	7,005,430	
157																			
158		TOTAL EXPENSES INCLUDING FUEL				4,348,718	4,095,295	4,361,207	3,817,622	3,834,867	4,091,637	5,172,395	4,682,216	4,914,579	4,648,258	3,582,645	4,343,940	51,893,378	

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-E1

Line No.	Account No.	Account Title	Adjustment Basis	Adjustment Factor	Over and Above	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	12 Month Total	
1	OPERATING EXPENSES																		
2																			
3	555-557 Other Power Supply Expenses																		
4	555	PURCHASED POWER	Billing Determinants			3,414,137	4,161,787	3,221,760	3,305,695	3,883,206	4,142,408	4,417,596	4,455,567	3,712,196	3,406,998	3,150,559	3,444,439	44,716,349	
5	55501	PURCHASED POWER-QUAL	19	0%		-	-	-	-	-	-	-	-	-	-	-	-	-	
6	5551	UNDER REC:FUEL ADJ.	Calculated			296,157	(401,650)	308,154	(111,924)	(481,034)	(298,428)	229,756	(359,075)	512,559	470,646	(224,496)	(151,044)	(210,378)	
7	556	SYSTEM CONTROL & LOAD DISP.		100%		-	-	-	-	-	-	-	-	-	-	-	-	-	
8	557	OTHER EXPENSES		100%		(565)	5,421	(16,501)	245	44,573	105,507	1,041	26,650	59,797	1,081	39,811	79,179	346,239	
9																			
10	560-567.1 Transmission Expenses - Operation																		
11	562	STATION EXPENSES	1	102.3%	25,575	2,490	2,663	3,006	3,948	4,160	6,310	2,513	3,359	3,606	4,364	2,760	4,299	43,478	
12	566	MISC TRANSMISSION EXPENSES	13	103.5%	30,960	2,591	2,580	2,580	2,580	2,580	2,580	2,580	2,580	2,689	2,580	2,580	2,580	31,080	
13																			
14	580-589 Distribution Expenses - Operation																		
15	580	OPERATION SUPERVISION & ENG	5	105.5%	93,828	37,224	29,428	39,166	32,477	37,241	38,063	32,140	39,396	40,472	31,721	31,207	47,128	435,662	
16	581	LOAD DISPATCHING	13	103.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
17	582	STATION EXPENSES	5	105.5%	47,475	8,256	6,392	8,440	9,172	7,115	11,153	6,571	7,353	7,147	8,559	8,511	11,211	99,878	
18	5831	OPERATION OF OVERHEA	16	106.8%	2,773	2,639	4,654	3,689	3,531	6,309	3,347	6,729	3,407	9,958	9,314	2,298	58,647		
19	5832	REMOVING & RESETTNG	16	106.8%	4,484	3,540	4,482	3,214	6,970	5,464	8,846	7,690	8,932	7,838	3,580	4,980	70,021		
20	5841	UNDERGROUND LINE EXP	5	105.5%	-	71	756	-	590	277	312	311	532	333	429	318	3,928		
21	5842	UNDERGRND LINE EXPEN	5	105.5%	1,625	1,992	4,185	2,139	4,785	4,773	1,676	1,199	2,199	907	1,419	2,117	29,017		
22	585	STREET LIGHT/SIGNAL	16	106.8%	528	949	1,335	1,840	1,512	973	424	1,431	801	802	1,914	949	13,638		
23	586	METER EXPENSES	16	106.8%	25,256	20,098	25,746	21,433	21,686	24,705	21,314	23,285	27,636	30,406	27,406	22,654	291,623		
24	5871	AREA LIGHT EXPENSE	16	106.8%	3,831	5,753	5,070	4,357	3,574	3,815	4,402	5,144	5,729	5,441	4,369	7,879	59,365		
25	5872	OTHER CUSTOMER INSTA	16	106.8%	3,247	3,026	4,924	1,649	7,392	4,705	4,556	4,316	3,480	3,125	3,596	2,985	47,003		
26	5881	DISTRIBUTION MAPS &	16	106.8%	20,909	9,625	9,472	11,010	9,120	12,656	12,826	10,466	11,797	8,188	11,081	11,223	16,574	134,038	
27	5882	OTHER DIST OFFICE SU	16	106.8%	54,254	12,463	10,294	15,880	13,617	12,223	17,768	13,550	9,704	17,681	8,418	14,163	20,350	166,109	
28	5883	MISC DISTRIBUTION OF	16	106.8%	1,714	2,059	493	2,007	521	493	593	597	493	452	793	1,671	11,885		
29	589	RENTS	1	102.3%	-	225	-	-	113	-	-	113	361	-	70	19	177		
30																			
31	901-905 Customer Accounts - Operation																		
32	901	SUPERVISION	5	105.5%	5,791	12,908	765	6,114	5,697	5,844	5,555	5,138	5,591	5,562	8,544	7,633	12,754	82,107	
33	9011	SUPERVISION A&G	5	105.5%	-	-	8,655	4,471	3,348	4,257	5,271	3,445	5,647	4,749	3,431	5,162	3,317	51,755	
34	902	METER READING EXPENSE	16	106.8%	-	24,398	24,004	31,104	22,768	27,143	28,909	25,217	28,370	25,993	25,772	26,539	25,600	315,817	
35	903	CUSTOMER RECORDS/COLLECTION	5	105.5%	-	63,291	21,574	49,089	37,446	41,396	50,189	47,089	49,699	46,734	47,619	47,011	52,654	553,788	
36	9031	CUSTOMER RECORDS/COLLECTION	5	105.5%	25,415	2,118	45,900	28,994	26,045	25,365	28,927	25,786	24,042	25,939	25,449	24,027	32,377	314,968	
37	904	UNCOLLECTIBLE ACCOUNTS	9	100.0%	129,249	15,956	15,307	14,834	15,147	15,326	16,093	16,857	16,686	16,919	15,808	15,002	42,732	216,664	
38	905	MISC CUSTOMER ACCOUNTS	13	103.5%	-	9,787	4,412	5,902	6,577	6,374	8,155	5,201	6,703	6,209	4,204	6,834	13,233	83,591	
39	9051	MISC CUSTOMER ACCOUNTS	13	103.5%	-	-	1,952	1,515	1,691	1,783	1,543	1,253	1,648	1,459	1,431	1,507	1,610	17,392	
40																			
41	906-910 Customer Service and Info - Operation																		
42	9061	UNDERRECOVERY: CONSERVATION	Calculated			(12,900)	8,007	(20,978)	11,452	(18,356)	(3,316)	6,841	(3,232)	(10,455)	1,483	(15,210)	(14,344)	(71,007)	
43	907	SUPERVISION	13	103.5%	-	6,401	7,233	8,414	6,547	8,252	5,916	3,140	9,374	3,287	6,429	5,629	8,509	79,131	
44	908	CUSTOMER ASSISTANCE	13	103.5%	-	17,571	16,868	18,897	12,437	15,305	16,423	16,264	19,583	17,697	20,254	19,305	23,749	214,354	
45	909	INFO & INSTRUCTIONAL	13	103.5%	-	21,522	881	24,135	(1,882)	25,362	15,980	15,242	11,049	25,102	6,397	16,087	10,435	170,309	
46	910	MISC CUSTOMER SERVICE	13	103.5%	-	1,910	2,034	2,210	1,154	1,495	1,732	1,749	1,575	4,220	1,513	1,774	3,019	24,385	
47																			
48	911-917 Sales Expenses - Operation																		
49	912	DEMONSTRATING & SELLING	5	105.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
50	9131	PROMOTIONAL ADVERTISING	13	103.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
51	9132	CONSERVATION ADVERTISING	13	103.5%	-	-	-	-	-	-	8,471	-	-	(6,826)	6,826	(6,826)	-	1,645	
52	9133	SAFETY ADVERTISING	13	103.5%	-	148	-	-	155	1,857	1,843	2,575	-	156	-	-	2,068	8,801	
53	9134	OTHER INFO/INSTR/CON	13	103.5%	29,808	8,007	8,038	8,647	13,272	10,663	10,652	7,835	28,494	7,953	23,071	16,007	16,904	159,543	
54	9135	COMMUNITY AFFAIRS ADVERTISING	13	103.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
55	9136	OTHER ADVERTISING	13	103.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
56	916	MISC. SALES EXPENSES	13	103.5%	-	120	144	123	127	60	2,439	32	13,216	(2,285)	28	57	118	14,179	
57																			

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

Line No.	Account No.	Account Title	Adjustment Basis	Adjustment Factor	Over and Above	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	12 Month Total
58	920-933	Administrative & General - Operation																
59	920	ADM & GENERAL SALARIES	5	105.5%	123,161	94,874	94,929	103,957	92,840	103,041	103,099	98,624	104,907	98,424	97,890	100,444	98,918	1,191,947
60	9211	OFFICE SUPPLIES	1	102.3%		608	939	1,522	771	746	1,185	1,242	1,315	906	640	647	595	11,117
61	9212	OFFICE POSTAGE & MAI	1	102.3%		801	852	1,112	812	167	917	36	804	93	800	22	858	7,275
62	9213	OFF COMPUTER SUPP &	1	102.3%		6,518	702	(7,984)	5,097	(3,195)	410	1,028	1,520	2,666	209	987	352	8,299
63	9214	OFFICE UTILITY EXPENSE	1	102.3%		3,170	2,733	3,500	2,087	3,760	3,239	2,306	2,865	2,293	3,669	2,720	2,875	35,217
64	9215	MISC OFFICE EXPENSE	1	102.3%	5,200	5,989	7,780	9,176	8,212	6,812	7,574	11,996	3,471	8,196	10,136	8,860	12,452	100,654
65	9216	CO TRAINING EXPENSE	1	102.3%	5,486	457	596	822	457	507	562	457	507	468	1,428	519	457	7,238
66	9231	OUTSIDE SERVICES - O	1	102.3%		-	-	3,657	42	-	-	1,844	-	2,147	660	6,911	3,466	18,727
67	9232	LEGAL FEES AND EXPENSES	1	102.3%		2,248	1,388	502	1,338	12,412	6,509	1,909	3,486	1,380	3,295	3,321	3,421	41,210
68	9233	OUTSIDE AUDIT & ACCO	13	103.5%	90,675	19,737	19,737	26,897	20,306	19,878	19,878	17,597	17,597	17,597	7,445	17,008	36,565	240,243
69	924	PROPERTY INSURANCE	FPUC			19,642	19,642	19,642	19,642	19,642	19,642	19,642	19,642	20,280	20,289	20,284	45,512	263,498
70	9251	INJURIES AND DAMAGES	16	106.8%	21,890	9,675	5,462	17,883	5,775	12,157	17,501	10,624	12,190	14,526	11,243	13,769	13,184	143,989
71	9252	GENERAL LIABILITY	13	103.5%		31,982	31,754	31,448	31,393	32,095	30,274	28,373	31,403	31,390	29,304	29,580	15,583	354,586
72	9261	EMPLOYEE PENSIONS	FPUC			29,946	29,946	29,946	29,946	29,946	29,946	29,946	29,946	30,919	30,932	30,926	69,388	401,730
73	9262	EMPLOYEE BENEFITS- O	FPUC			40,548	40,548	40,548	40,548	40,548	40,548	40,548	40,548	41,866	41,885	41,875	93,956	543,969
74	9263	RETIREE BENEFITS-POS	FPUC			4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,156	4,158	4,157	9,327	54,000
75	9264	401(K) EXPENSE COMPA	16	106.8%		-	-	559	380	686	547	639	(3,467)	4,756	731	835	910	6,576
76	928	REGULATORY COMMISSION	1	102.3%	117,235	10,518	21,039	22,534	19,566	20,649	23,965	19,137	20,900	26,332	18,214	23,721	27,706	254,283
77	9301	INSTITUTIONAL/GOODWILL	13	103.5%		-	-	-	-	-	-	-	-	-	-	-	-	-
78	9302	MISC. GENERAL EXPENSE	13	103.5%		3,343	5,158	14,727	4,825	5,728	6,825	2,193	5,789	6,447	5,174	10,630	11,161	82,000
79	93022	INDUSTRY ASSOCIATION	13	103.5%		1,070	(1,070)	1,070	-	88	-	3,540	-	-	-	-	-	4,698
80	93023	ECONOMIC DEVELOPMENT	13	103.5%	10,350	863	863	863	863	863	863	863	6,213	863	863	863	863	15,701
81	931	RENTS	1	102.3%		585	606	575	616	671	641	641	612	857	863	1,747	1,092	8,685
82																		
83		TOTAL OPERATING EXPENSES				4,283,898	4,319,921	4,155,581	3,756,893	4,056,632	4,612,630	5,242,667	4,771,108	4,906,700	4,492,044	3,579,529	4,204,118	52,381,723
84		Total Operating Expenses Less Fuel				574,169	554,363	642,168	562,877	609,887	663,143	594,273	647,967	622,148	613,319	613,655	831,544	7,529,514
85		Maintenance Expenses																
86																		
87	541-545.1	Hydraulic Power Gen - Maintenance																
88	554	MAINT OF MISC POWER	13	103.5%		-	-	-	-	-	-	-	-	-	-	-	-	-
89																		
90	568-574	Transmission Expenses - Maintenance																
91	570	MAINT OF STATION EQUIP	13	103.5%		397	904	3,183	5,051	6,733	2,992	2,678	2,697	2,466	2,511	2,800	73,604	106,015
92	571	MAINT OF OVERHEAD LINES	13	103.5%		113	155	-	3,036	10,026	26,709	8,596	13,215	9,024	6,092	7,803	(1,343)	83,425
93	573	MAINT OF MISC TRANSMISSION	13	103.5%		-	-	-	-	-	-	-	-	-	-	-	477	477
94																		
95	590-598	Distribution Expenses - Maintenance																
96	590	MAINT SUPERVISION & ENG	5	105.5%	11,581	17,038	18,868	21,907	13,344	10,565	11,637	8,757	11,165	10,614	10,509	8,106	20,798	163,309
97	591	MAINT OF STRUCTURES	13	103.5%		1,119	(162)	21	2,561	(772)	1,312	631	1,427	4,370	(277)	545	-	10,776
98	592	MAINT OF STATION EQUIP	13	103.5%		5,654	2,379	13,860	707	10,660	5,886	3,586	10,503	7,783	239	2,786	14,053	78,096
99	5931	MAINT OF POLES/TOWER	13	103.5%	219,833	32,181	20,756	29,422	20,857	19,349	21,170	22,279	21,061	19,696	19,580	19,187	21,951	267,489
100	5932	MAINT OF OVERHEAD CO	13	103.5%	439,372	95,569	85,844	148,701	82,034	141,630	160,414	128,530	113,137	140,397	114,523	133,020	109,187	1,452,986
101	5933	MAINT OF SERVICES	13	103.5%	5,000	12,146	7,658	10,194	8,356	12,345	14,961	12,771	16,139	13,045	11,123	10,824	18,015	147,576
102	5941	MAINT OF UNDERGROUND LINES	16	106.8%		714	355	559	281	1,885	480	300	650	628	696	837	1,127	8,510
103	5942	MAINT OF UNDERGROUND LINES	16	106.8%	6,139	13,342	5,124	9,860	6,349	9,349	19,153	39,553	10,899	11,554	7,623	8,110	11,848	152,766
104	5951	MAINT OF LINE TRANSFORMERS	16	106.8%		3,410	3,383	4,616	5,425	7,451	9,273	5,745	5,300	9,565	18,381	9,333	(8,305)	73,578
105	5952	MAINT OF LINE TRANSFORMERS	16	106.8%		-	-	330	-	-	444	9,403	363	33	(943)	(2,123)	452	7,958
106	5953	MAINT OF LINE TRANSFORMERS	16	106.8%		3,590	1,348	5,339	2,588	3,551	11,356	4,139	10,994	4,735	4,184	7,733	2,671	62,229
107	596	MAINT-STREET LIGHT/SIGNALS	16	106.8%		2,933	1,947	5,474	2,219	3,270	2,668	4,142	3,367	2,077	3,311	10,368	14,228	56,003
108	597	MAINT OF METERS	16	106.8%		2,298	2,737	3,598	6,381	2,416	3,155	3,465	2,956	4,532	2,192	2,850	3,626	40,207
109	598	MAINT OF MISC DIST PLANT	13	103.5%		5,876	4,845	6,119	3,139	3,777	5,999	4,005	5,431	6,049	5,106	12,356	13,812	76,514
110	935	Administrative & General - Maintenance																
111	935	MAINT OF GENERAL PLANT	13	103.5%	10,223	15,174	8,925	29,824	11,034	23,675	12,217	16,776	13,920	8,928	14,473	12,045	14,143	181,134
112																		
113		TOTAL MAINTENANCE EXPENSES				211,556	165,068	293,006	173,362	265,909	309,826	275,357	243,225	255,493	219,322	246,582	310,344	2,969,049
114																		
115																		
116																		

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

If the requested revenue requirements are based on a historical test year, provide actual monthly operation and maintenance expense by primary account for the test year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

Line No.	Account No.	Account Title	Adjustment Basis	Adjustment Factor	Over and Above	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	12 Month Total
117																		
118																		
119																		
120																		
121																		
122		Other Operating Expenses																
123																		
124	4030.1	DEPRECIATION EXPENSE - ELECTRIC	Direct			239,855	240,449	241,107	241,776	243,113	244,326	245,717	246,362	247,151	247,602	248,344	249,231	2,935,033
125	4030.1	DEPR ADJ - NONREGULATED ELECTRIC	Direct			-	-	-	-	-	-	-	-	-	-	-	-	-
126	4030.2	DEPR EXP-COMMON	Direct			10,324	10,370	10,535	10,666	10,885	10,960	11,046	11,114	11,273	11,298	11,516	11,519	131,506
127	403	Depreciation Expenses				250,179	250,819	251,642	252,442	253,998	255,286	256,763	257,476	258,424	258,900	259,860	260,750	3,066,539
128																		
129	4070.3	Amortization - Storm Hardening	Direct			29,550	29,550	29,550	29,550	29,550	29,550	29,550	29,550	29,550	29,550	29,550	29,550	354,600
130	407	Storm Hardening																
131																		
132	4080.1	AD VALOREM TAXES	13	103.5%		47,318	47,318	47,318	47,318	47,318	47,318	47,318	47,318	47,318	47,318	47,318	47,318	549,956
133	4080.2	STATE GROSS RECEIPTS	Pass-Through			127,589	127,593	118,600	111,416	118,417	133,901	155,480	147,234	152,310	126,623	106,016	119,434	1,544,614
134	4080.3	FPSC ASSESSMENT	Direct			3,310	3,487	3,248	3,053	3,338	3,729	4,460	4,108	4,033	3,393	2,614	3,224	41,997
135	4080.4	EMERGENCY EXCISE TAX	9	100.0%		-	-	-	-	-	(8,261)	-	-	-	-	-	-	(8,261)
136	4080.5	FEDERAL UNEMPLOYMENT	5	105.5%		2,997	967	(250)	(838)	(821)	(1,110)	68	142	77	46	78	127	1,483
137	4080.6	STATE UNEMPLOYMENT T	5	105.5%		4,480	697	(423)	(1,363)	(1,336)	(1,786)	109	229	124	72	125	205	1,132
138	4080.7	F.I.C.A.	16	106.8%		21,647	20,076	36,911	19,781	21,112	19,097	21,188	37,588	20,978	19,870	20,422	17,075	275,755
139	4080.8	MISCELLANEOUS TAXES	13	103.5%		-	-	-	-	-	-	-	335	321	-	-	-	656
140	4080.11	FRANCHISE TAX	Pass-Through			158,597	161,730	148,051	138,489	147,440	165,235	187,547	181,761	187,210	156,462	131,472	149,076	1,913,070
141	408	Taxes Other Than Income Taxes				365,938	361,868	353,454	317,856	335,468	358,124	416,171	418,728	412,370	353,784	299,112	327,526	4,320,401
142																		
143	4090.1	I/T -FEDERAL- UTIL O	Direct			(212,305)	(79,005)	(74,307)	(139,913)	21,753	145,137	(239,059)	(212,827)	(157,315)	(182,548)	(10,267)	(8,527)	(1,149,183)
144	4090.2	I/T -STATE - UTIL O	Direct			(39,307)	(14,929)	(13,795)	(25,889)	4,157	28,514	(45,187)	(39,496)	(29,291)	(33,826)	(1,890)	(1,701)	(212,639)
145	409	Income Taxes				(251,612)	(93,934)	(88,102)	(165,802)	25,910	173,651	(284,246)	(252,323)	(186,606)	(216,374)	(12,157)	(10,228)	(1,361,822)
146																		
147	4100.1	DEFERRED I/T-FEDERAL	Direct			185,842	(59,761)	195,698	150,150	(213,130)	(495,202)	148,437	49,919	152,361	305,986	(38,281)	103,835	485,855
148	4100.2	DEFERRED I/T-STATE	Direct			36,580	(11,773)	38,541	29,542	(41,969)	(97,473)	29,226	9,838	29,989	60,244	(7,561)	20,459	95,643
149	4100.3	DEFERRED I/T AMORTIZ	Direct			-	-	-	-	-	-	-	-	-	-	-	-	-
150	4100.4	DEFERRED I/T AMORTIZ	Direct			-	-	-	-	-	-	-	-	-	-	-	-	-
151	410	Deferred Income Taxes				222,422	(71,534)	234,239	179,692	(255,098)	(592,675)	177,663	59,757	182,350	366,230	(45,841)	124,294	581,498
152																		
153	4110.4	INVEST TAX CREDIT- U	Direct			(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(27,935)
154	411	Investment Tax Credit				(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(2,328)	(27,935)
155																		
156		TOTAL OTHER OPERATING EXPENSES				614,149	474,441	778,455	611,410	387,500	221,609	593,573	510,860	693,761	789,762	528,196	729,565	6,933,281
157																		
158		TOTAL EXPENSES INCLUDING FUEL				5,109,603	4,959,431	5,227,042	4,541,665	4,710,041	5,144,066	6,111,596	5,525,193	5,855,953	5,501,129	4,354,307	5,244,027	62,284,053

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY:FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the changes in primary accounts that exceed 1/20th of one percent (.0005) of total operating expenses and ten percent from the prior year to the test year. Quantify each reason for the change.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

Line No.	(1) Account Number	(2) Account	(3) Test Year Ended 12/31/2008	(4) Prior Year Ended 12/31/2007	(5) Increase / (Decrease)		(6) Percent (5)/(4) (%)	(7) Reason(s) for Change
					Dollars (3)-(4)			
1	OPERATING EXPENSES (LESS FUEL & CONSERVATION)							
2								
3	4010.562	STATION EXPENSES	43,478	42,501	978		2.30%	
4	4010.566	MISC. TRANS. EXPS.	31,080	12,116	18,964		156.52%	\$424 - Projection factor 13. \$18,540 - Contractor inspections of the transmission system(storm hardening).
5								
6	4010.580	OP SUPERVISION	435,662	380,422	55,240		14.52%	\$20,923 - Projection factor 5. \$25,750 - Travel and PURC costs in the utility collaborative research projects(storm hardening). \$8,567 - Salary survey adjustment to bring salaries up to market.
7	4010.581	LOAD DISPATCHING	-	-	-			
8	4010.582	STATION EXPENSES	99,878	94,672	5,207		5.50%	
9	4010.5831	OPERATION OF OVERHEAD LINES	58,647	54,913	3,734		6.80%	
10	4010.5832	REMOV.& RESET. TRANSFORMERS	70,021	65,562	4,458		6.80%	
11								
12	4010.5841	UNDERGROUND LINE EXP-DUCT	3,928	3,723	205		5.50%	
13	4010.5842	UNDERGRND LINE EXP-BURIED	29,017	27,504	1,513		5.50%	
14	4010.585	STREET LIGHT EXPENSE	13,638	12,770	868		6.80%	
15	4010.586	METER EXPENSES	291,623	273,056	18,568		6.80%	
16	4010.5871	AREA LIGHT EXPENSE	59,365	55,585	3,780		6.80%	
17	4010.5872	OTHER CUSTOMER INSTALL EXP	47,003	44,010	2,993		6.80%	
18	4010.5881	DISTRIBUTION MAPS & RECORDS	134,038	105,926	28,112		26.54%	\$7,203 - Projection factor 16. \$20,909 - Additional employee to handle joint use audits(storm hardening).
19	4010.5882	OTHER DIST OFFICE EXPENSE	166,109	155,533	10,576		6.80%	
20	4010.5883	MISC DIST. OFFICE LABOR	11,885	11,129	757		6.80%	
21	4010.589	RENTS	1,077	1,053	24		2.30%	
22								
23	4010.901	SUPERVISION	82,107	73,765	8,342		11.31%	\$4,057 - Projection factor 5. \$4,285 - Salary survey adjustment to bring salaries up to market.
24	4010.9011	SUPERVISION A&G	51,755	49,056	2,698		5.50%	
25	4010.902	METER READING EXPENSES	315,817	295,709	20,108		6.80%	
26	4010.903	CUSTOMER REC/COLL. EXPENSE	553,788	524,917	28,871		5.50%	
27	4010.9031	CUSTOMER REC/COLLEXP-A&G	314,968	275,807	39,161		14.20%	\$17,098 - New position to meet SOX 404 internal control requirements. \$15,169 - Projection factor 5. \$5,967 - Postage increase in 2008. \$612 - Salary survey adjustment to bring salaries up to market. \$315 - Lockbox service agreement.
28	4010.904	UNCOLLECTIBLE ACCOUNTS	216,664	87,590	129,074		147.36%	\$129,074 - Increased write-offs due to significant increases in base and fuel(purchased power) rates in 2008.
29	4010.905	MISC CUSTOMER ACCOUNTS EXP	83,591	80,765	2,827		3.50%	
30	4010.9051	MISC CUSTOMER ACCOUNTS EXP A&G	17,392	16,804	588		3.50%	
32								
33	4010.912	DEMONSTRATING & SELL EXP	-	-	-			
34	4010.9131	PROMOTIONAL ADVERTISING	-	-	-			
35	4010.9132	CONSERVATION ADVERTISING	1,645	1,589	56		3.50%	
36	4010.9133	SAFETY ADVERTISING	8,801	8,504	298		3.50%	
37	4010.9134	OTHER INFO/INSTR/CONSUMER ADV	159,543	154,148	5,395		3.50%	
38	4010.9135	COMMUNITY AFFAIRS ADVERTISING	-	-	-			
39	4010.9136	OTHER ADVERTISING	-	-	-			
40	4010.916	MISC. SALES EXPENSE	14,179	13,699	479		3.50%	
41								
42	4010.920	ADM & GENERAL SALARIES	1,191,947	1,071,369	120,578		11.25%	\$58,925 - Projection factor 5. \$32,880 New position-Compliance Acct. for special audits including inventory, cash, etc. \$28,773 - Salary survey adjustment to bring salaries up to market.
43	4010.9211	OFFICE SUPPLIES	11,117	10,867	250		2.30%	
44	4010.9212	OFFICE POSTAGE & MAILING SUPP	7,275	7,111	164		2.30%	

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the changes in primary accounts that exceed 1/20th of one percent (.0005) of total operating expenses and ten percent from the prior year to the test year. Quantify each reason for the change.

Type of Data Shown:

Projected Test Year Ended 12/31/2008

Prior Year Ended 12/31/2007

Witness: Mehrdad Khojasteh

COMPANY:FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	(1) Account Number	(2) Account	(3) Test Year Ended 12/31/2008	(4) Prior Year Ended 12/31/2007	(5) / (6) Increase / (Decrease)		(7) Reason(s) for Change
					Dollars (3)-(4)	Percent (5)/(4) (%)	
45	4010.9213	OFF COMPUTER SUPP & EXP	8,299	8,113	187	2.30%	
46	4010.9214	OFFICE UTILITY EXPENSE	35,217	34,425	792	2.30%	
47	4010.9215	MISC OFFICE EXPENSE	100,654	93,308	7,346	7.87%	
48	4010.9216	CO TRAINING EXPENSE-TRACKED	7,238	6,913	325	4.71%	
49	4010.9231	OUTSIDE SERVICES - OTHER	18,727	18,306	421	2.30%	
50	4010.9232	OUTSIDE SERVICES LEGAL	41,210	40,283	927	2.30%	
51	4010.9233	OUTSIDE AUDIT & ACCOUNT FEES	240,243	226,660	13,583	5.99%	
52	4010.924	PROPERTY INSURANCE	263,498	181,238	82,260	45.39%	\$82,260 - Annual increase in Storm Damage Reserve requested this docket.
53	4010.9251	INJURIES AND DAMAGES-SAFETY	143,989	114,957	29,032	25.25%	\$10,000 - Incremental expense - New position to improve employee and public safety. \$7,817 - Projection factor 16. \$1,897 - Salary survey adjustment to bring salaries up to market. \$9,318 - New position - Corp. Services Administrator.
54	4010.9252	GENERAL LIABILITY	354,586	475,595	(121,009)	-25.44%	\$(133,000) - Law suit recorded in 2007-removed for 2008. \$11,991 - Projection factor 13.
55	4010.9261	EMPLOYEE PENSIONS /BENEFITS	401,730	365,497	36,233	9.91%	
56	4010.9262	EMPLOYEE BENEFITS- MEDICAL	543,969	488,303	55,667	11.40%	\$55,667 - Medical insurance estimates from AON Consulting.
57	4010.9263	RETIREE BENEFITS-POST RETMT.	54,000	54,000	-	0.00%	
58	4010.9264	401(K) EXPENSE COMPANY MATCH	6,576	6,157	419	6.80%	
59	4010.928	REGULATORY COMM. EXPS.	254,283	133,967	120,316	89.81%	\$97,244 - Current electric rate case. \$19,991 - Personnel at EOC during emergencies. \$3,081 - Projection factor 1.
60	4010.9301	INSTITUTIONAL/GOODWILL ADV	-	-	-		
61	4010.9302	MISC GENERAL EXPENSES	82,000	79,227	2,773	3.50%	
62	4010.93022	INDUSTRY ASSOCIATION DUES	4,698	4,539	159	3.50%	
63	4010.93023	ECONOMIC DEVELOPMENT EXP	15,701	15,170	531	3.50%	
64	4010.931	RENTS	8,685	8,490	195	2.30%	
65							
66		TOTAL OPERATION EXPENSES	7,112,341	6,367,321	745,020		
67							
68		MAINTENANCE EXPENSES (LESS FUEL & CONSERVATION)					
69							
70	4020.570	MAINT STATION EQUIP	106,015	102,430	3,585	3.50%	
71	4020.571	MAINT OVERHEAD LINES	83,425	80,603	2,821	3.50%	
72	4020.573	MAINT MISC TRANS. PLT.	477	461	16	3.50%	
73							
74	4020.590	MAINT SUPER/ENG.	163,309	146,674	16,635	11.34%	\$8,067 - Projection factor 5. \$8,568 - Salary survey adjustment to bring salaries up to market.
75	4020.591	MAINT OF STRUCTURES	10,776	10,411	364	3.50%	
76	4020.592	MAINT OF STATION EQUIP	78,096	75,455	2,641	3.50%	
77	4020.5931	MAINT OF POLES/TOWERS/FIX.	267,489	46,044	221,445	480.94%	\$219,833 - New employee and contractor expense to handle pole inspections(storm hardening). \$1,612 - Projection factor 13.
78	4020.5932	MAINT OF OVERHEAD COND.	1,452,986	1,032,586	420,401	40.71%	\$352,260 - Three additional tree trimming crews(storm hardening). \$27,000 - Develop and implement Post Storm Data Collection & Forensic Review(storm hardening). \$36,140 - Projection factor 1. \$5,000 - Position upgrade to lineman.
79	4020.5933	MAINT OF SERVICES	147,576	137,755	9,821	7.13%	
80	4020.5941	MAINT OF UNDERGRND LINE-DUCT	8,510	7,968	542	6.80%	
81	4020.5942	MAINT OF UNDERGRND LINE-BURIED	152,766	143,039	9,727	6.80%	
82	4020.5951	MAINT OF LINE TRANSF-O/H	73,578	68,893	4,685	6.80%	
83	4020.5952	MAINT OF LINE TRANSF-DUCT	7,958	7,451	507	6.80%	
84	4020.5953	MAINT OF LINE TRANSF-BURIED	62,229	58,267	3,962	6.80%	
85	4020.596	MAINT OF STREET LIGHTS	56,003	52,438	3,566	6.80%	
86	4020.597	MAINT OF METERS	40,207	37,647	2,560	6.80%	
87	4020.598	MAINT OF MISC DISTR PLT	76,514	73,927	2,587	3.50%	
88							
89	4020.935	MAINT OF GENERAL PLANT	181,134	167,932	13,202	7.86%	

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the changes in primary accounts that exceed 1/20th of one percent (.0005) of total operating expenses and ten percent from the prior year to the test year. Quantify each reason for the change.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

Line No.	(1) Account Number	(2) Account	(3) Test Year Ended 12/31/2008	(4) Prior Year Ended 12/31/2007	(5) Increase / (Decrease)		(6) Percent (5)/(4) (%)	(7) Reason(s) for Change
					Dollars (3)-(4)			
90								
91		TOTAL MAINTENANCE EXPENSES	2,969,049	2,249,982	719,067			
92								
93	4030	DEPRECIATION EXPENSE ELECTRIC	2,935,033	2,720,692	214,341	7.88%		
94								
95	4030.2	DEPRECIATION EXPENSE - COMMON	131,506	107,946	23,560	21.83%	\$23,560 - Increases in Common Plant(General Office) balances due to plant additions in 2007 and 2008 shown in B schedules.	
96								
97	4070.3	AMORTIZATION - STORM HARDENING	354,600	0	354,600	0.00%	\$354,600 - Allowance for storm hardening, see schedule C-19 (2008).	
98								
99	4080	TAXES OTHER THAN INCOME TAXES	4,320,401	4,010,760	309,641	7.72%		
100								
101	4090	INCOME TAXES - CURRENT	(1,361,822)	(314,573)	(1,047,249)	332.91%	Income taxes are a fallout of all revenue and expense adjustments.	
102								
103	4100	INCOME TAXES - DEFERRED	581,498	507,751	73,747	14.52%	Income taxes are a fallout of all revenue and expense adjustments.	
104								
105	4110	INVESTMENT TAX CREDIT	(27,935)	(29,538)	1,603	-5.43%		
106								
107		TOTAL OPERATING EXPENSES	18,272,922	15,856,506	2,416,416			

Supporting Schedules: C-7

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule showing the change in cost,
 by functional group, for the last five years.

Type of Data Shown:
 Prior Years Ended 2002,03,04,05
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Description of Functional Group	Type of Cost	2002		2003		2004		2005		2006	
		Dollars (000)	Percent Change	Dollars (000)	Percent Change	Dollars (000)	Percent Change	Dollars (000)	Percent Change	Dollars (000)	Percent Change
Purchased Power (1)	Variable	26,498		25,085	-5.33%	26,729	6.55%	29,720	11.19%	30,606	2.98%
Interchange Production	Semi-Variable Semi-Variable										
Transmission	Semi-Variable	65		59	-9.23%	33	-44.07%	128	287.88%	194	51.56%
Distribution	Semi-Variable	2,191		2,244	2.42%	2,541	13.24%	2,927	15.19%	2,828	-3.38%
Customer Account	Semi-Variable	1,107		1,246	12.56%	1,281	2.81%	1,226	-4.29%	1,331	8.56%
Customer Service & Info (1)	Semi-Variable	487		382	-21.56%	383	0.26%	474	23.76%	456	-3.80%
Sales	Semi-Variable	3		5	66.67%	21	320.00%	24	14.29%	144	500.00%
Administrative and General	Semi-Variable	2,125		2,526	18.87%	2,740	8.47%	2,971	8.43%	3,208	7.98%
Depreciation	Fixed	2,187		2,416	10.47%	2,419	0.12%	2,520	4.18%	2,722	8.02%
Taxes	Semi-Variable	3,582		3,389	-5.39%	3,965	17.00%	4,624	16.62%	4,527	-2.10%
Interest (without AFUDC)	Semi-Variable	NOT AVAILABLE FOR CONSOLIDATED ELECTRIC OPERATIONS									
TOTAL		<u>38,245</u>		<u>37,352</u>		<u>40,112</u>		<u>44,614</u>		<u>46,016</u>	

Note: Purchased Power and Conservation are recovered through the Purchased Power and Conservation Clauses in other dockets.

Supporting Schedules: C-6, C-7, C-8, C-12

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a detailed breakdown of rate case expenses by service provided for each outside consultant, attorney, engineer or other consultant providing professional services for the case.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Cheryl Martin

(1) Vendor Name	(2) Counsel, Consultant, Or Witness	(3) Specific Services Rendered	(4) Fee (\$)	(5) Basis Of Charge	(6) Travel Expenses (\$)	(7) Other (\$)	(8) Total (4+6+7) (\$)	(9) Type of Services (a)
Christensen Associates	Consultant	MFR support, schedule preparation, testimony, rate case support	165,000	Bid, hourly, direct	20,000	25,000	210,000	A,B,C,O,R,S
Darryl Troy	Consultant	MFR support and schedule preparation, rate case support	30,000	Hourly		1,000	31,000	A
TOTAL OUTSIDE CONSULTANTS							<u>241,000</u>	
Norman Horton, Esq.	Attorney	Rate Proceeding, legal work	140,000	Hourly		10,000	150,000	L
TOTAL OUTSIDE LEGAL SERVICES							<u>150,000</u>	
Various Vendors	Temporary Help	Accounting and operations related work	110,400	Hourly			110,400	A,C,O
Employees	Overtime Pay	Rate Case related work	28,000	Hourly			28,000	A,B,C,O,R,S
Various Vendors	Administrative, Other & Travel	Rate Case related work	92,600	Direct Costs			92,600	O
Various Vendors	Prior Unamortized RC	Rate Case related work	106,000	Various			106,000	O
TOTAL OTHER RATE CASE COSTS							<u>337,000</u>	
TOTAL RATE CASE COSTS							<u>728,000</u>	

(a) PLACE THE APPROPRIATE LETTER(S) IN COLUMN (9)
 A = ACCOUNTING
 B = COST OF CAPITAL
 C = ENGINEERING
 L = LEGAL
 O = OTHER
 R = RATE DESIGN
 S = COST OF SERVICE

SCHEDULE OF RATE CASE EXPENSE AMORTIZATION IN PROJECTED TEST YEAR

Rate Case	Total Expenses	Rate Order Date	Amortization Period	Unamortized Amount	Test Year Amortization
DOCKET NO.: 030438-EI	\$ 423,780	4/4/2004	5 years	\$ 106,000	\$ 26,500
DOCKET NO.: 070304-EI	622,000	pending	4 years	652,000	155,500
Total Annual Rate Case Amortization					<u>\$ 182,000</u>

Supporting Schedules:

Recap Schedules: C12, C7

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the following information concerning bad debts for the four most recent historical years and the test year. In addition, provide a calculation of the bad debt component of the Revenue Expansion Factor.

Type of Data Shown:

Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historical Years Ended 12/31/2002, 04, 05 and 06
 Witness: Mehrdad Khojasteh

Line No.	(1) Year	(2) Write-Offs (Retail)	(3) Gross Revenues From Sales Of Electricity (Retail)	(4) Adjustments to Gross Revenues (Specify)	(5) Adjusted Gross Revenues	(6) Bad Debt Factor (2)/(5)
1	2002	75,649	41,335,703	\$ -	\$ 41,335,703	0.1830%
2						
3	2003	77,141	39,478,461	-	\$ 39,478,461	0.1954%
4						
5	2004	76,668	40,424,735	\$ -	\$ 40,424,735	0.1897%
6						
7	2005	87,665	47,686,561	\$ -	\$ 47,686,561	0.1838%
8						
9	Total	317,123	168,925,460	\$ -	\$ 168,925,460	0.1877%
10						
11	2006 Historic Year	87,213	47,452,526	\$ -	\$ 47,452,526	0.1838%
12						
13	Prior Year 2007	90,352	53,075,623	\$ -	\$ 53,075,623	0.1702%
14						
15	Test Year 2008	144,563	61,786,961	\$ -	\$ 61,786,961	0.2340%
16						
17	<u>Calculation of the Bad Debt Component included in the Revenue Expansion Factor:</u>					
18						
19					Average rate	0.2000%

Supporting Schedules:

Recap Schedules: C-44

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule of jurisdictional administrative, general, customer service, R & D, and other miscellaneous expenses by category and on a per customer basis for the test year and the most recent historical year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Account	Sub-Account	(1) Jurisdictional Administrative Expenses Excluding Recoverable Conservation	(2) Historical Year Ended 12/31/2006	(3) Projected Test Year Ended 12/31/2008	(4) Difference (3)-(2)	(5) Percent Increase/(Decrease) (4)/(2)
1							
2	Customer Accounts Expense	901-905		1,331,423	1,636,082	304,659	22.88%
3							
4	Sales Expenses	911-916		144,236	184,168	39,932	27.69%
5							
6	Administrative and General Expenses	920-935		3,208,858	3,976,775	767,917	23.93%
7							
8	Total Administrative Expenses	901-935		4,684,517	5,797,025	1,112,508	23.75%
9							
10	Average Number of Customers			30,636	31,425	789	2.58%
11							
12	Administrative Expenses Per Customer			153	184	31	20.27%

Supporting Schedules: C6, C7

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of charges to Account 930.2 (Miscellaneous General Expenses) by type of charge for the most recent historical year. Aggregate all charges that do not exceed \$100,000 and all similar charges that exceed \$100,000.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No	Description	Electric Utility	Jurisdictional Factor	Jurisdictional Amount
1	Total Miscellaneous General			
2	Expenses of \$100,000 or Less			
3				
4	ACCOUNT 930.2			
5	9302 MISC. GENERAL EXPENSE	76,622	100%	76,622
6	93022 INDUSTRY ASSOCIATION	4,390	100%	4,390
7	93023 ECONOMIC DEVELOPMENT	5,000	100%	5,000
8				
9	Miscellaneous General Expenses		100%	-
10	Exceeding \$100,000 (Specify)	-	100%	-
11				
12				
13	Total Miscellaneous General Expenses	<u>86,012</u>		<u>86,012</u>
14				
15	Average Number of Customers	30,636		30,636
16				
17	Miscellaneous General Expenses Per Customer	2.81		2.81

Supporting Schedules:

Recap Schedules: C-7

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of charges to Account 930.2 (Miscellaneous General Expenses) by type of charge for the most recent historical year. Aggregate all charges that do not exceed \$100,000 and all similar charges that exceed \$100,000.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

Line No	Description	Electric Utility	Jurisdictional Factor	Jurisdictional Amount
1				
2	Total Miscellaneous General			
3	Expenses of \$100,000 or Less			
4				
5	ACCOUNT 930.2			
6	9302 MISC. GENERAL EXPENS	79,227	100%	79,227
7	93022 INDUSTRY ASSOCIATION	4,539	100%	4,539
8	93023 ECONOMIC DEVELOPMENT	15,170	100%	15,170
9				
10	Miscellaneous General Expenses			
11	Exceeding \$100,000 (Specify)	-	100%	-
12				
13				
14	Total Miscellaneous General Expenses	<u>98,936</u>		<u>98,936</u>
15				
16	Average Number of Customers	31,425		31,425
17				
18	Miscellaneous General Expenses Per Customer	3.15		3.15

Supporting Schedules:

Recap Schedules: C7

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of charges to Account 930.2 (Miscellaneous General Expenses) by type of charge for the most recent historical year. Aggregate all charges that do not exceed \$100,000 and all similar charges that exceed \$100,000.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

Line No	Description	Electric Utility	Jurisdictional Factor	Jurisdictional Amount
1	Total Miscellaneous General			
2	Expenses of \$100,000 or Less			
3				
4	ACCOUNT 930.2			
5	9302 MISC. GENERAL EXPENS	82,000	100%	82,000
6	93022 INDUSTRY ASSOCIATION	4,698	100%	4,698
7	93023 ECONOMIC DEVELOPMENT	15,701	100%	15,701
8				
9	Miscellaneous General Expenses			
10	Exceeding \$100,000 (Specify)	-	100%	-
11				
12				
13	Total Miscellaneous General Expenses	<u>102,399</u>		<u>102,399</u>
14				
15	Average Number of Customers	30,636		30,636
16				
17	Miscellaneous General Expenses Per Customer	3.34		3.34

Supporting Schedules:

Recap Schedules: C7

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of advertising expenses by subaccounts for the test year and the most recent historical year for each type of advertising that is included in base rate cost of service.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Account/ Sub-Account Number	Account/ Sub-Account Title	Electric Utility	Jurisdictional Factor	Jurisdictional Amount
1	ACCOUNT 913				
2	909	INFO & INSTRUCTIONAL	159,139	100%	159,139
3					
4	Total Account 909		159,139		159,139
5					
6					
7					
8	ACCOUNT 913				
9	9131	PROMOTIONAL ADVERTISING	-	100%	-
10	9132	CONSERVATION ADVERTISING	1,537	100%	1,537
11	9133	SAFETY ADVERTISING	8,224	100%	8,224
12	9134	OTHER INFO/INSTR/CON	121,226	100%	121,226
13	9135	COMMUNITY AFFAIRS AD	-	100%	-
14	9136	OTHER ADVERTISING	-	100%	-
15					
16	Total Account 913		130,987		130,987
17					
18	ACCOUNT 930.1				
19	9301	INSTITUTIONAL/GOODWILL	-	100%	-
20					
21	Total Account 930.1		-		-
22					
23					
24	Total Advertising Expenses		290,126		290,126
25					
26	Average Number of Customers		30,636		30,636
27					
28	Advertising Expenses per Customer		9.47		9.47

Supporting Schedules:

Recap Schedules: C7

ADVERTISING EXPENSES

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of advertising expenses by subaccounts for the test year and the most recent historical year for each type of advertising that is included in base rate cost of service.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

Line No.	Account/ Sub-Account Number	Account/ Sub-Account Title	Electric Utility 2007	Jurisdictional Factor	Jurisdictional Amount
1	ACCOUNT 909				
2	909	INFO & INSTRUCTIONAL	164,550	100%	164,550
3					
4	Total Account 909		<u>164,550</u>		<u>164,550</u>
5					
6					
7					
8	ACCOUNT 913				
9	9131	PROMOTIONAL ADVERTISING	-	100%	-
10	9132	CONSERVATION ADVERTISING	1,589	100%	1,589
11	9133	SAFETY ADVERTISING	8,504	100%	8,504
12	9134	OTHER INFO/INSTR/CON	154,148	100%	154,148
13	9135	COMMUNITY AFFAIRS ADVERTISING	-	100%	-
14	9136	OTHER ADVERTISING	-	100%	-
15					
16	Total Account 913		<u>164,241</u>		<u>164,241</u>
17					
18	ACCOUNT 930.1				
19	9301	INSTITUTIONAL/GOODWILL	-	100%	-
20					
21	Total Account 930.1		<u>-</u>		<u>-</u>
22					
23					
24	Total Advertising Expenses		<u>328,790</u>		<u>328,790</u>
25					
26	Average Number of Customers		31,004		31,004
27					
28	Advertising Expenses per Customer		10.60		10.60

Supporting Schedules:

Recap Schedules: C7

ADVERTISING EXPENSES

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of advertising expenses by subaccounts for the test year and the most recent historical year for each type of advertising that is included in base rate cost of service.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008

Witness: Mehrdad Khojasteh

Line No.	Account/ Sub-Account Number	Account/ Sub-Account Title	Electric Utility 2008	Jurisdictional Factor	Jurisdictional Amount
1	ACCOUNT 909				
2	909	INFO & INSTRUCTIONAL	170,309	100%	170,309
3					
4	Total Account 909		<u>170,309</u>		<u>170,309</u>
5					
6					
7					
8	ACCOUNT 913				
9	9131	PROMOTIONAL ADVERTISING	-	100%	-
10	9132	CONSERVATION ADVERTISING	1,645	100%	1,645
11	9133	SAFETY ADVERTISING	8,801	100%	8,801
12	9134	OTHER INFO/INSTR/CON	159,543	100%	159,543
13	9135	COMMUNITY AFFAIRS ADVERTISING	-	100%	-
14	9136	OTHER ADVERTISING	-	100%	-
15					
16	Total Account 913		<u>169,989</u>		<u>169,989</u>
17					
18	ACCOUNT 930.1				
19	9301	INSTITUTIONAL/GOODWILL	-	100%	-
20					
21	Total Account 930.1		<u>-</u>		<u>-</u>
22					
23					
24	Total Advertising Expenses		<u>340,298</u>		<u>340,298</u>
25					
26	Average Number of Customers		31,371		31,371
27					
28	Advertising Expenses per Customer		10.85		10.85

Supporting Schedules:

Recap Schedules: C7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule of industry association dues included in cost of service by organization for the test year and the most recent historical year. Indicate the nature of each organization. Individual dues less than \$10,000 may be aggregated.

Type of Data Shown:

Projected Test Year Ended 12/31/2008

Prior Year Ended 12/31/2007

Historic Year Ended 12/31/2006

Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.		Electric Utility	Jurisdictional Factor	Jurisdictional Amount
	93022 Industry Association	4,390	100%	4,390
1	Details Southeastern Electric Exchange Inv 2057	3,308	100%	3,308
2	Details Florida Electric Power Coordinating Group	1,000	100%	1,000
3	Details 32% of Florida Institute of Certified Public Accountants	82	100%	82
4				
5	Total Industry Association Dues	<u>4,390</u>	100%	<u>4,390</u>
6				
7				
8				
9				
10				
11	Average Number of Customers	30,636	100%	30,636
12				
13	Dues Per Customer	0.14	100%	0.14
14				
15	Lobby Expenses Included in Industry Association Dues			

Supporting Schedules:

Recap Schedules: C7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule of industry association dues included in cost of service by organization for the test year and the most recent historical year. Indicate the nature of each organization. Individual dues less than \$10,000 may be aggregated.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Mehrdad Khojasteh

COMPANY:FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Line No.		Electric Utility	Jurisdictional Factor	Jurisdictional Amount
	93022 Industry Association	<u>4,539</u>	100%	<u>4,539</u>
1	Details Southeastern Electric Exchange Inv 2057	3,420	100%	3,420
2	Details Florida Electric Power Coordinating Group	1,034	100%	1,034
3	Details 32% of Florida Institute of Certified Public Accountants	<u>85</u>	100%	<u>85</u>
4				
5	Total Industry Association Dues	<u>4,539</u>	100%	<u>4,539</u>
6				
7				
8				
9				
10				
11	Average Number of Customers	31,004	100%	31,004
12				
13	Dues Per Customer	0.15	100%	0.15
14				
15	Lobby Expenses Included in Industry Association Dues			

Supporting Schedules:

Recap Schedules: C7

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule of industry association dues included in cost of service by organization for the test year and the most recent historical year. Indicate the nature of each organization. Individual dues less than \$10,000 may be aggregated.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

Line No.		Electric Utility	Jurisdictional Factor	Jurisdictional Amount
	93022 Industry Association	<u>4,697</u>	100%	<u>4,697</u>
1	Details Southeastern Electric Exchange Inv 2057	3,540	100%	3,540
2	Details Florida Electric Power Coordinating Group	1,070	100%	1,070
3	Details 32% of Florida Institute of Certified Public Accountants	<u>88</u>	100%	<u>88</u>
4				
5	Total Industry Association Dues	<u><u>4,697</u></u>	100%	<u><u>4,697</u></u>
6				
7				
8				
9				
10				
11	Average Number of Customers	31,371	100%	31,371
12				
13	Dues Per Customer	0.15	100%	0.15
14				
15	Lobby Expenses Included in Industry Association Dues			

Supporting Schedules:

Recap Schedules: C7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the following information regarding the use of outside professional services during the test year. Segregate the services by types such as accounting, financial, engineering, legal or other. If a projected test period is used, provide on both a projected and a historical basis for services exceeding the greater of \$1,000,000 or .5% (.005) of operation and maintenance expenses.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Type of Service or Vendor	Description of Service(s)	Account(s) Charged	Total Historic Year Costs	Electric Historic Year Costs	Electric Account(s) Charged
1	Accounting					
2	Aon Consulting Inc.	Actuarial work - pension and 401K	2420.3	70,764	22,644	9233
3	Crowe, Chizek, and Company	Sarbanes Oxley 404/Internal audit	2420.3	144,059	46,099	9233
4	BDO Seidman LLP	External audits - quarterly & annual	2420.3	211,980	67,834	9233
5						
6	Financial					
7	Laurits R. Christiansen assoc.	Purchased Power Matters	557	228,132	192,122	557
8						
9						
10	Engineering					
11	Blasland, Bouck & Lee	Environmental Assessment - former MGP gas sites	2530.31	68,359	-	
12	Blasland, Bouck & Lee	Environmental Assessment - proposed land purchase	1070.389	4,799	-	
13						
14						
15	Legal					
16	Bryan Cave LLP	SEC corporate and securities matters	2420.31	41,566	13,301	9232
17	Jackson Lewis LLP	Various human resource legal matters and fees	2420.31	48,814	15,620	
18	Messer, Caparello & Self	Renewable energy tariff	928/557	925	925	928/557
19	Messer, Caparello & Self	Fuel Docket	928/557	3,471	3,471	928/557
20	Messer, Caparello & Self	Street light tariff	2420.31	950	304	9232
21	Messer, Caparello & Self	General Regulatory - Corporate	1840.9232	4,443	1,733	9232
22	Messer, Caparello & Self	General Regulatory - Electric	928/910	1,649	1,649	928/910
23	Messer, Caparello & Self	General Regulatory - Gas	928/910/9121	3,138	-	
24	Messer, Caparello & Self	Storm recovery issues	928	11,091	11,091	928
25	Messer, Caparello & Self	Territorial issues	928/870	6,942	-	
26	Messer, Caparello & Self	Gas conservation plan	928/910	4,660	-	
27	Messer, Caparello & Self	Power contract	928	17,888	17,888	928
28	Reed Smith LLP	Fuel Docket	557	55,959	55,959	557
29						
30	Akerman, Senterfitt & Eidson	General Business Issues	1860.1	190	-	
31	Akerman, Senterfitt & Eidson	General Business Issues	2280.201	909	-	
32	Akerman, Senterfitt & Eidson	General Business Issues	2420.31	1,171	375	9232
33	Akerman, Senterfitt & Eidson	General Business Issues	Gas 902	909	-	
34	Akerman, Senterfitt & Eidson	General Business Issues	1070.376	217	-	
35	Akerman, Senterfitt & Eidson	Land Purchase - escrow	1070.389	100,000	-	

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the following information regarding the use of outside professional services during the test year. Segregate the services by types such as accounting, financial, engineering, legal or other. If a projected test period is used, provide on both a projected and a historical basis for services exceeding the greater of \$1,000,000 or .5% (.005) of operation and maintenance expenses.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Type of Service or Vendor	Description of Service(s)	Account(s) Charged	Total Historic Year Costs	Electric Historic Year Costs	Electric Account(s) Charged
36	Akerman, Senterfitt & Eidson	Business Forms & Agreements - Mdse	416	595	-	
37	Akerman, Senterfitt & Eidson	Business Forms & Agreements - Propane	146	2,646	-	
38	Akerman, Senterfitt & Eidson	Business Forms & Agreements - Gas	911916	1,567	-	
39	Akerman, Senterfitt & Eidson	Purchase Agreement - Monceaux Properties (gas)	880.2	1,339	-	
40						
41	Akerman, Senterfitt, Attorneys	Indoor Air Quality	1849.935	443	137	935
42	Akerman, Senterfitt, Attorneys	Patrick Hetherington	2280.201	24,649	-	
43	Akerman, Senterfitt, Attorneys	Alexander Kara	2420.31	7,548	2,415	9232
44	Akerman, Senterfitt, Attorneys	Lake Worth Generation	2420.31	590	189	9232
45	Akerman, Senterfitt, Attorneys	General Business Issues	2420.31	5,395	1,726	9232
46	Akerman, Senterfitt, Attorneys	General Employment Issues	2420.31	220	70	9232
47	Akerman, Senterfitt, Attorneys	General Environmental Issues	2420.31	3,044	974	9232
48	Akerman, Senterfitt, Attorneys	Street Lighting Policy	2420.31	236	76	9232
49	Akerman, Senterfitt, Attorneys	Simpson, ET AL	2420.31	1,632	522	9232
50	Akerman, Senterfitt, Attorneys	FIBB UCC-3 Continuation Statement	2420.31	2,077	665	9232
51	Akerman, Senterfitt, Attorneys	Manufactured Gas Plants - Various	2530.31	94,273	-	
52	Akerman, Senterfitt, Attorneys	Fernandina Land Swap	588.2	522	522	588.2
53	Akerman, Senterfitt, Attorneys	Jog Commercial Park (Gas)	1070.389	12,510	-	
54	Akerman, Senterfitt, Attorneys	Jog Commercial Park (Gas)	8802	3,025	-	
55	Akerman, Senterfitt, Attorneys	Florida Gas Transmission (Gas)	1070.376	1,382	-	
56						
57						
58						
59						
60	Safety					
61	Charles Shelton	Electric Safety Consultant	9251	45,089	45,089	9251
62						
63						
64	Total Outside Professional Services				503,400	

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the following information regarding the use of outside professional services during the test year. Segregate the services by types such as accounting, financial, engineering, legal or other. If a projected test period is used, provide on both a projected and a historical basis for services exceeding the greater of \$1,000,000 or .5% (.005) of operation and maintenance expenses.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

Line No.	Type of Service or Vendor	Description of Service(s)	Account(s) Charged	Test Year Costs	Electric Projected Year Costs	Electric Accounts Charged
1	<u>Accounting</u>					
2	Aon Consulting Inc.	Actuarial work - pension and 401K	2420.3	76,000	23,560	9233
3	Crowe, Chizek, and Company	Sarbanes Oxley 404/Internal audit	2420.3	154,100	47,771	9233
4	BDO Seidman LLP	External audits - quarterly & annual	2420.3	519,400	161,014	9233
5						
6	<u>Financial</u>					
7	Laurits R. Christiansen Assoc.	Purchased Power and Regulatory matters	557/928/1860.1	125,000	125,000	557/928/1860.1
8						
9						
10	<u>Engineering</u>					
11	Blastand, Bouck & Lee	Environmental Assessment - former MGP gas sites	2530.31	50,000	0	
12						
13						
14						
15	<u>Legal</u>					
16	Bryan Cave LLP	SEC corporate and securities matters	2420.31	44,000	13,640	9232
17	Jackson Lewis LLP	Various human resource legal matters and fees	2420.31	51,300	15,903	9232
18	Messer, Caparello & Self	General regulatory, territorial and power contract issues	various	107,500	88,800	928/557/9232/ 1860.1
19						
20	Reed Smith LLP	Fuel Docket	557	58,600	58,600	557
21	Akerman, Senterfitt & Eidson	General business issues	various	10,000	500	9232
22	Akerman, Senterfitt, Attorneys	General business, employment and manufactured gas plant	various	164,700	7,600	9232
23						
24						
25						
26	<u>Safety</u>					
27	Charles Shelton	Electric Safety Consultant	9251	57,800	57,800	9251
28						
29						
30						
31	Total Outside Professional Services				<u>600,188</u>	

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the following information concerning pension cost for the test year, and the most recent historical year if the test year is projected.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Amount		
		Projected Test Year 2008	Projected Prior Year 2007	Historical Year 2006
1	Service Cost	1,195,000	1,130,000	1,225,495
2	Interest Cost	2,510,000	2,265,000	2,160,719
3	Actual Return on Assets	(2,564,617)	(2,440,000)	(3,977,806)
4	Net Amortization and Deferral	-	-	1,551,742
	a Amortization of Prior Service Cost	719,476	737,115	737,115
	b Curtailment	N/A	N/A	(97,858)
5	Total Net Periodic Pension Cost	1,859,859	1,692,115	1,599,407
6	For the Year:			
7	Amortization of Transition Asset or Obligation	-	-	-
8	Expected Return on Assets	2,585,867	2,440,000	2,426,064
9	Assumed Rate of Return on Plan Assets	8.50%	8.50%	8.50%
10	Amortization of Transition Asset or Obligation	-	-	-
11	Percent of Pension Cost Capitalized	20.00%	20.00%	15.00%
12	Pension Cost Recorded in Account 926	-	-	-
13	Minimum Required Contribution Per IRS	-	-	-
14	Maximum Allowable Contribution Per IRS	-	-	18,262,779
15	Actual Contribution Made to the Trust Fund	-	-	250,000
16	Actuarial Attribution Approach Used for Funding	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
17	Assumed Discount Rate for Computing Funding	5.78%	8.00%	8.00%
18	Allocation Method Used to Assign Costs if the Utility Is Not the Sole Participant in the Plan. Attach the Relevant Procedures.	Allocated Based on payroll	Allocated Based on payroll	Allocated Based on payroll
19				
20	At Year End:			
21	Accumulated Benefit Obligation	39,030,959	37,338,408	33,693,860
22	Projected Benefit Obligation	44,773,179	42,831,620	38,650,888
23	Vested Benefit Obligation	36,165,379	34,597,092	31,220,120
24	Assumed Discount Rate (Settlement Rate)	0	0	0
25	Assumed Rate for Salary Increases	0	0	0
26	Fair Value of Plan Assets	38,170,000	36,900,000	35,635,214
27	Market Related Value of Assets	32,115,000	31,050,000	29,485,534
28	Balance in Working Capital (Specify Account No.)	(1,650,795)	(1,482,905)	(814,231)
29				
30	2006 Allocation Schedule - Approximately 29% of Pension Cost is allocated to the Electric Division			
31	2007 Allocation Schedule - 27% of Pension Cost is allocated to the Electric Division			

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule, by organization, of any expenses for lobbying, civic, political and related activities or for civic/charitable contributions included for recovery in cost of service for the test year and the most recent historical year.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Account/ Sub-Account Number	Account/ Sub-Account Title	Amount
1	4260.11	CHARITABLE CONTRIBUTIONS	11,117
2	4260.13	CIVIC AND SOCIAL	2,548
3			
4	Total Civic and Charitable Contributions		<u>13,665</u>
5			
6	4260.4	Lobbying & Other Political Expenses	<u>167</u>
7			
8			
9			
10	Total Lobbying and Other Political Expenses and Charitable / Civic cont		<u>13,832</u>

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule, by organization, of any expenses for lobbying, civic, political and related activities or for civic/charitable contributions included for recovery in cost of service for the test year and the most recent historical year.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

Line No.	Account/ Sub-Account Number	Account/ Sub-Account Title	Amount 2007
1	4260.11	CHARITABLE CONTRIBUTIONS	11,362
2	4260.13	CIVIC AND SOCIAL	2,604
3			
4	Total Civic and Charitable Contributions		<u>13,966</u>
5			
6	4260.4	Lobbying & Other Political Expenses	<u>171</u>
7			
8			
9			
10	Total Lobbying and Other Political Expenses and Charitable / Civic cont		<u>14,136</u>

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule, by organization, of any expenses for lobbying, civic, political and related activities or for civic/charitable contributions included for recovery in cost of service for the test year and the most recent historical year.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

Line No.	Account/ Sub-Account Number	Account/ Sub-Account Title	Amount 2008
1	4260.11	CHARITABLE CONTRIBUTIONS	11,628
2	4260.13	CIVIC AND SOCIAL	2,665
3			
4	Total Civic and Charitable Contributions		<u>14,294</u>
5			
6	4260.4	Lobbying & Other Political Expenses	<u>175</u>
7			
8			
9			
10	Total Lobbying and Other Political Expenses and Charitable / Civic cor		<u>14,468</u>

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule for each Amortization/Recovery amount by account or sub-account currently in effect or proposed and not shown on Schedule B-9.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account No.	(3) Plant Account Title	(4) Annual Amort/Recovery Expense	(5) Expense Account
--------------------	---------------------------------------	----------------------------------	--	---------------------------

NONE

AMORTIZATION/RECOVERY AMOUNTS FOR ALL ACCOUNTS AND SUB-ACCOUNTS ARE INCLUDED ON SCHEDULE B-9.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule for each Amortization/Recovery amount by account or sub-account currently in effect or proposed and not shown on Schedule B-9.

Type of Data Shown:
Prior Year Ended 12/31/2007
Witness: Jim Mesite

(1) Line No.	(2) Account/ Sub-account No.	(3) Plant Account Title	(4) Annual Amort/Recovery Expense	(5) Expense Account
1				
2				
3		NONE		
4				
5				
6				
7				
8				
9				
10	AMORTIZATION/RECOVERY AMOUNTS FOR ALL ACCOUNTS AND SUB-ACCOUNTS ARE INCLUDED ON SCHEDULE B-9.			

Supporting Schedules:

Recap Schedules: C-8

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule for each Amortization/Recovery amount by account or sub-account currently in effect or proposed and not shown on Schedule B-9.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Jim Mesite

Total Amount of Amortization/Recovery: \$7,092,000 [\$ 354,600 per year, \$ 29,550 per month]
 Effective Date: 1/1/08
 Amortization/Recovery Period: 20 Years
 Reason: Amortization of Storm Hardening Project. Costs recovered through Base Rates. Contribution to be charged to construction accounts with offsetting charge to amortization expense. See complete explanation in Testimony.

(1) Line No.	(2) Account/ Sub-account No.	(3) Plant Account Title	(4) Annual Amort/Recovery Expense	(5) Expense Account
1	1010.355	Transmission Poles	354,600	4070.3
2				
3				
4				
5				
6				
7				
8				
9				
10	ALL ADDITIONAL AMORTIZATION/RECOVERY AMOUNTS FOR OTHER ACCOUNTS AND SUB-ACCOUNTS ARE INCLUDED ON SCHEDULE B-9.			

FLOPIDA PUBLIC SERVICE COMMISSION
 COMPANY:FLOPIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule of taxes other than income taxes for the historical base year, historical base year + 1, and the test year. For each tax, indicate the amount charged to operating expenses. Complete columns 5, 6 and 7 for the historical base year and test year only.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

Line No.	Type of Tax	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Rate	Tax Basis (\$)	Total Amount	Amount Charged to Operating Expenses	Jurisdictional Factor	Jurisdictional Amount	Jurisdictional Amount Charged to Operating Expenses
1	Federal Unemployment	0.008	2,862,280	22,898	1,332	100%	22,898	1,332
2								
3	State Unemployment	0.0129	2,862,280	36,923	1,017	100%	36,923	1,017
4								
5	FICA	0.0765	Payroll	2,458,362	241,758	100%	2,458,362	241,758
6								
7	Federal Vehicle	N/A	N/A	N/A	N/A	100%		
8								
9	State Intangible	N/A	N/A	N/A	N/A	100%		
10								
11	Utility Assessment Fee	0.00072	44,254,768	34,408	34,408	100%	34,408	34,408
12								
13	Property	Various	32,942,277	513,886	513,886	100%	513,886	513,886
14								
15	Gross Receipts	0.025	44,254,768	1,184,787	1,184,784	100%	1,184,787	1,184,784
16								
17	Franchise Fee	Various	Base, Fuel & Conservation Revenues	2,012,632	2,012,635	100%	2,012,632	2,012,635
18								
19	Occupational License	N/A	N/A	N/A	N/A	100%		
20								
21	Other (Specify)							
22	Emergency Excise Tax	N/A	ACRS Depreciation	(8,261)	(8,261)	100%	(8,261)	(8,261)
23	Miscellaneous taxes	Various	Various	613	613	100%	613	613
24								
25								
26								
27	Total			<u>6,256,248</u>	<u>3,982,172</u>		<u>6,256,248</u>	<u>3,982,172</u>

FLOPIDA PUBLIC SEPVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide a schedule of taxes other than income taxes for the historical base year, historical base year + 1, and the test year. For each tax, indicate the amount charged to operating expenses. Complete columns 5, 6 and 7 for the historical base year and test year only.

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

Line No.	Type of Tax	(1) Rate	(2) Tax Basis (\$)	(3) Total Amount	(4) Amount Charged to Operating Expenses	(5) Jurisdictional		(7) Jurisdictional Amount Charged to Operating Expenses
						Factor	Amount	
1	Federal Unemployment	0.008	3,019,705	24,158	1,405	100%	24,158	1,405
2								
3	State Unemployment	0.0129	3,019,705	38,954	1,073	100%	38,954	1,073
4								
5	FICA	0.0765	Payroll	2,593,572	258,198	100%	2,593,572	258,198
6								
7	Federal Vehicle	N/A	N/A	N/A	N/A	100%		
8								
9	State Intangible	N/A	N/A	N/A	N/A	100%		
10								
11	Utility Assessment Fee	0.00072	53,075,623	38,214	38,214	100%	38,214	38,214
12								
13	Property	Various	32,942,277	531,358	513,886	100%	531,358	513,886
14								
15	Gross Receipts	0.025	53,075,623	1,326,891	1,326,891	100%	1,326,891	1,326,891
16								
17	Franchise Fee	Various	Base, Fuel & Conservation Revenues	1,994,012	1,994,012	100%	1,994,012	1,994,012
18								
19	Occupational License	N/A	N/A	N/A	N/A	100%		
20								
21	Other (Specify)							
22	Emergency Excise Tax	N/A	ACRS Depreciation	(8,261)	(8,261)	100%	(8,261)	(8,261)
23	Miscellaneous taxes	Various	Various	634	634	100%	634	634
24								
25								
26								
27	Total			<u>6,539,532</u>	<u>4,126,052</u>		<u>6,539,532</u>	<u>4,126,052</u>

Supporting Schedules: C7, C21

Recap Schedules: C1

FLOPIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule of taxes other than income taxes for the historical base year, historical base year + 1, and the test year. For each tax, indicate the amount charged to operating expenses. Complete columns 5, 6 and 7 for the historical base year and test year only.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Type of Tax	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Rate	Tax Basis (\$)	Total Amount	Amount Charged to Operating Expenses	Jurisdictional Factor	Jurisdictional Amount	Jurisdictional Amount Charged to Operating Expenses
1	Federal Unemployment	0.008	3,185,789	25,486	1,483	100%	25,486	1,483
2								
3	State Unemployment	0.0129	3,185,789	41,097	1,132	100%	41,097	1,132
4								
5	FICA	0.0765	Payroll	2,736,218	275,755	100%	2,736,218	275,755
6								
7	Federal Vehicle	N/A	N/A	N/A	N/A	100%		
8								
9	State Intangible	N/A	N/A	N/A	N/A	100%		
10								
11	Utility Assessment Fee	0.00072	61,786,961	44,487	44,487	100%	44,487	44,487
12								
13	Property	Various	34,457,622	549,956	549,956	100%	549,956	549,956
14								
15	Gross Receipts	0.025	61,786,961	1,544,674	1,544,674	100%	1,544,674	1,544,674
16								
17	Franchise Fee	Various	Base, Fuel & Conservation Revenues	1,913,070	1,913,070	100%	1,913,070	1,913,070
18								
19	Occupational License	N/A	N/A	N/A	N/A	100%		
20								
21	Other (Specify)							
22	Emergency Excise Tax	N/A	ACRS Depreciation	(8,261)	(8,261)	100%	(8,261)	(8,261)
23	Miscellaneous taxes	Various	Various	656	613	100%	656	613
24								
25								
26								
27	Total			<u>6,847,383</u>	<u>4,322,908</u>		<u>6,847,383</u>	<u>4,322,908</u>

Supporting Schedules: C7, C21

Recap Schedules: C1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Provide a calculation of the Gross Receipt Tax
and Regulatory Assessment Fee for the historical base year,
historical base year + 1, and the test year.

Type of Data Shown:

Projected Test Year Ended 12/31/2008

Prior Year Ended 12/31/2007

Historic Year Ended 12/31/2006

Witness: Doreen Cox, Mehrdad Khojasteh

Line No.		GROSS RECEIPTS TAX		PROJECTED
		HISTORICAL BASE YEAR 2006	HISTORICAL BASE YEAR + 1 2007	TEST YEAR 2008
1	TOTAL OPERATING REVENUES	48,527,214	53,784,078	62,488,964
2				
3	ADJUSTMENTS:			
4	Overrecoveries	(369,812)	-	-
5	Other Operating Revenues	(688,664)	(692,571)	(686,611)
6	Unbilled Revenues	(8,373)	(8,039)	(7,546)
7	Misc Electric Revenues	(7,847)	(7,846)	(7,846)
8	Uncollectibles	(58,025)		
9	Interdepartmental	(2,971)		
10				
11	TOTAL ADJUSTMENTS	(1,135,692)	(708,456)	(702,003)
12				
13	ADJUSTED OPERATING REVENUES	47,391,522	53,075,623	61,786,961
14				
15	Gross Receipts Tax			
16	TAX RATE	2.50%	2.50%	2.50%
17	TAX AMOUNT	1,184,788	1,326,891	1,544,674
18	Adjustments	(1)	-	-
19	4080.2 State Gross Receipts	1,184,787	1,326,891	1,544,674
20				
21	Regulatory Assessment Fee			
22	TAX RATE	0.0720%	0.0720%	0.0720%
23	TAX AMOUNT	34,122	38,214	44,487
24	Adjustments	286	0	0
25	4080.3 FPSC Assessment	34,408	38,214	44,487

Supporting Schedules:

Recap Schedules: C7, C20

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: PROVIDE THE CALCULATION OF STATE AND FEDERAL INCOME TAXES
 FOR THE HISTORICAL BASE YEAR AND THE PROJECTED TEST YEAR

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

LINE NO.	DESCRIPTION	CURRENT TAX			DEFERRED TAX		
		STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL
1	NET UTILITY OPERATING INCOME	\$ 2,507,629	\$ 2,507,629				
2	ADD INCOME TAX ACCOUNTS	544,785	544,785				
3	LESS INTEREST CHARGES (FROM C-23)	1,505,287	1,505,287				
4							(Income tax adjustment for interest calculated of 1,473,580 has been included in tax adjustments)
5	TAXABLE INCOME PER BOOKS	\$ 1,547,127	\$ 1,547,127				
6							
7	TEMPORARY ADJUSTMENTS TO TAXABLE INCOME (LIST)						
8	ADD: BOOK DEPRECIATION	(2,722,498)	(2,722,498)		2,722,498	2,722,498	
9	LESS: TAX DEPRECIATION	2,379,361	2,379,361		(2,379,361)	(2,379,361)	
10	UNRECOVERED PURCHASE POWER/GAS	95,832	95,832		(95,832)	(95,832)	
11	OUTSIDE AUDIT FEES	(4,002)	(4,002)		4,002	4,002	
12	ORDINARY LOSS ON ACRS PROPERTY	211,200	211,200		(211,200)	(211,200)	
13	COST OF REMOVAL-ADR PROPERTY	24,840	24,840		(24,840)	(24,840)	
14	CONSERVATION PROGRAM COSTS	62,382	62,382		(62,382)	(62,382)	
15	SELF INSURANCE RESERVE	(40,404)	(40,404)		40,404	40,404	
16	TAXABLE CONTRIBUTIONS	(115,302)	(115,302)		115,302	115,302	
17	PENSION COSTS	(539,996)	(539,996)		539,996	539,996	
18	VACATION PAY	(24,229)	(24,229)		24,229	24,229	
19	UNCOLLECTIBLES	(40,343)	(40,343)		40,343	40,343	
20	LOSS ON REACQUIRED DEBT	(8,045)	(8,045)		8,045	8,045	
21	MISC DEFERRAL	(74)	(74)		74	74	
22	GENERAL LIABILITY	50,463	50,463		(50,463)	(50,463)	
23	RATE CASE EXPENSE	(84,756)	(84,756)		84,756	84,756	
24	NONDEDUCTIBLE ESPP COMPENSATION EXPENSE	(17,972)	(17,972)		-	-	
25	STORM RESERVE	(129,232)	(129,232)		129,232	129,232	
26	CAPITALIZED INTEREST	(91,470)	(91,470)		91,470	91,470	
27	ELECTRIC CONSULTANT FEES	23,910	23,910		(23,910)	(23,910)	
28	TOTAL TEMPORARY DIFFERENCES	\$ (970,335)	\$ (970,335)		\$ 952,363	\$ 952,363	
29							
30	PERMANENT ADJUSTMENTS TO TAXABLE INCOME (LIST)						
31	NONDEDUCTIBLE MEALS-CORPORATE	(1,730)	(1,730)				
32	NONDEDUCTIBLE MEALS-OTHER	(2,869)	(2,869)				
33	State Exemption	1,320					
34	TOTAL PERMANENT ADJUSTMENTS	\$ (3,279)	\$ (4,599)				
35							
36	STATE TAXABLE INCOME (L5+L28+L34)	\$ 2,520,741			\$ (952,363)		
37	STATE INCOME TAX (5.5% OR APPLICABLE RATE OF L36)	\$ 138,641			\$ (52,380)		
38	ADJUSTMENTS TO STATE INCOME TAX (LIST)						
39							
40	Prior Period Tax adjustment	(26,118)			30,252		
41	Interest Sync and adjustment tax	1,241					
42							
43	TOTAL ADJUSTMENTS TO STATE INCOME TAX	\$ (24,877)			\$ 30,252		
44							
45	STATE INCOME TAX	\$ 113,764			\$ (22,128)		

SUPPORTING SCHEDULES: C-2, C-23

RECAP SCHEDULES: C-1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-E1

EXPLANATION: PROVIDE THE CALCULATION OF STATE AND FEDERAL INCOME TAXES
 FOR THE HISTORICAL BASE YEAR AND THE PROJECTED TEST YEAR

Type of Data Shown:
 Historical Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

LINE NO.	DESCRIPTION	CURRENT TAX			DEFERRED TAX		
		STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL
46	FEDERAL TAXABLE INCOME (L5+L28+L34-L37state)		\$ 2,383,420		\$ (899,983)		
47	FEDERAL INCOME TAX (34% OR APPLICABLE RATE)		\$ 810,363		\$ (305,994)		
48							
49	ADJUSTMENTS TO FEDERAL INCOME TAX						
50							
51	Prior Period Tax adjustment		(149,991)		132,334		
52	Interest Sync. and adjustment tax		7,257		0		
53							
54							
55							
56							
57	TOTAL ADJUSTMENTS TO FEDERAL INCOME TAX		\$ (142,734)		\$ 132,334		
58							
59	FEDERAL INCOME TAX		\$ 667,629		\$ (173,660)		
60							
61							
62							
63	TOTAL FEDERAL AND STATE INCOME TAXES		\$ 781,393		\$ (195,788)		
64							
65	ITC AMORTIZATION		\$ (32,322)				
66							
67							
68							
69							
70							
71	SUMMARY OF INCOME TAX EXPENSE:						
72							
73	CURRENT TAX EXPENSE	STATE	FEDERAL	TOTAL			
74	DEFERRED INCOME TAXES	113,764	667,629	781,393			
75	INVESTMENT TAX CREDITS, NET	(22,128)	(173,660)	(195,788)			
76	TOTAL INCOME TAX PROVISION	<u>91,636</u>	<u>493,969</u>	<u>553,283</u>			

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: PROVIDE THE CALCULATION OF STATE AND FEDERAL INCOME TAXES
 FOR THE HISTORICAL BASE YEAR AND THE PROJECTED TEST YEAR

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

LINE NO.	DESCRIPTION	CURRENT TAX			DEFERRED TAX		
		STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL
1	NET UTILITY OPERATING INCOME	\$ 1,893,091	\$ 1,893,091				
2	ADD INCOME TAX ACCOUNTS	163,641	163,641				
3	LESS INTEREST CHARGES (FROM C-23)	1,567,647	1,567,647				
4							
5	TAXABLE INCOME PER BOOKS	\$ 489,085	\$ 489,085				
6							
7	TEMPORARY ADJUSTMENTS TO TAXABLE INCOME (LIST)						
8	ADD: BOOK DEPRECIATION	(2,991,269)	(2,991,269)		2,991,269	2,991,269	
9	LESS: TAX DEPRECIATION	2,450,742	2,450,742		(2,450,742)	(2,450,742)	
10	UNRECOVERED PURCHASE POWER/GAS	12,280	12,280		(12,280)	(12,280)	
11	OUTSIDE AUDIT FEES	1,224	1,224		(1,224)	(1,224)	
12	ORDINARY LOSS ON ACRS PROPERTY	211,200	211,200		(211,200)	(211,200)	
13	COST OF REMOVAL-ADR PROPERTY	24,840	24,840		(24,840)	(24,840)	
14	CONSERVATION PROGRAM COSTS	43,610	43,610		(43,610)	(43,610)	
15	SELF INSURANCE RESERVE	(43,896)	(43,896)		43,896	43,896	
16	TAXABLE CONTRIBUTIONS	(118,761)	(118,761)		118,761	118,761	
17	PENSION COSTS	(395,708)	(395,708)		395,708	395,708	
18	VACATION PAY	(9,677)	(9,677)		9,677	9,677	
19	UNCOLLECTIBLES	11,347	11,347		(11,347)	(11,347)	
20	LOSS ON REACQUIRED DEBT	(5,593)	(5,593)		5,593	5,593	
21	MISC DEFERRAL	-	-		-	-	
22	GENERAL LIABILITY	(147,034)	(147,034)		147,034	147,034	
23	RATE CASE EXPENSE	(84,760)	(84,760)		84,760	84,760	
24	NONDEDUCTIBLE ESPP COMPENSATION EXPENSE	(17,972)	(17,972)		-	-	
25	STORM RESERVE	(129,237)	(129,237)		129,237	129,237	
26	CAPITALIZED INTEREST	(91,470)	(91,470)		91,470	91,470	
27	ELECTRIC CONSULTANT FEES	-	-		-	-	
28	TOTAL TEMPORARY DIFFERENCES	\$ (1,280,134)	\$ (1,280,134)		\$ 1,262,162	\$ 1,262,162	
29							
30	PERMANENT ADJUSTMENTS TO TAXABLE INCOME (LIST)						
31	NONDEDUCTIBLE MEALS-CORPORATE	(1,730)	(1,730)				
32	NONDEDUCTIBLE MEALS-OTHER	(2,869)	(2,869)				
33	State Exemption	1,320					
34	TOTAL PERMANENT ADJUSTMENTS	\$ (3,279)	\$ (4,599)				
35							
36	STATE TAXABLE INCOME (L5+L28+L34)	\$ 1,772,498			\$ (1,262,162)		
37	STATE INCOME TAX (5.5% OR APPLICABLE RATE OF L36)	\$ 97,487			\$ (69,419)		
38	ADJUSTMENTS TO STATE INCOME TAX (LIST)						
39							
40	Prior Period Tax adjustment	(154,283)			154,283		
41	Interest Sync and adjustment tax	101					
42							
43	TOTAL ADJUSTMENTS TO STATE INCOME TAX	\$ (154,182)			\$ 154,283		
44							
45	STATE INCOME TAX	\$ (56,695)			\$ 84,864		

SUPPORTING SCHEDULES:

RECAP SCHEDULES: C7

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: PROVIDE THE CALCULATION OF STATE AND FEDERAL INCOME TAXES
 FOR THE HISTORICAL BASE YEAR AND THE PROJECTED TEST YEAR

Type of Data Shown:
 Prior Year Ended 12/31/2007
 Witness: Mehrdad Khojasteh

LINE NO.	DESCRIPTION	CURRENT TAX			DEFERRED TAX		
		STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL
46	FEDERAL TAXABLE INCOME (L5+L28+L34-L37state)		\$ 1,676,331		\$ (1,192,743)		
47	FEDERAL INCOME TAX (34% OR APPLICABLE RATE)		\$ 569,952		\$ (405,533)		
48							
49	ADJUSTMENTS TO FEDERAL INCOME TAX						
50							
51	Prior Period Tax adjustment		(828,420)		828,420		
52	Interest Sync and adjustment tax		590				
53							
54							
55							
56							
57	TOTAL ADJUSTMENTS TO FEDERAL INCOME TAX		\$ (827,830)		\$ 828,420		
58							
59	FEDERAL INCOME TAX		\$ (257,878)		\$ 422,887		
60							
61							
62							
63	TOTAL FEDERAL AND STATE INCOME TAXES		\$ (314,573)		\$ 507,751		
64							
65	ITC AMORTIZATION		\$ (29,538)				
66							
67							
68							
69							
70							
71	SUMMARY OF INCOME TAX EXPENSE:						
72		STATE	FEDERAL	TOTAL			
73	CURRENT TAX EXPENSE	(56,695)	(257,878)	(314,573)			
74	DEFERRED INCOME TAXES	84,864	422,887	507,751			
75	INVESTMENT TAX CREDITS, NET			(29,538)			
76	TOTAL INCOME TAX PROVISION	<u>28,169</u>	<u>165,009</u>	<u>163,640</u>			

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: PROVIDE THE CALCULATION OF STATE AND FEDERAL INCOME TAXES
 FOR THE HISTORICAL BASE YEAR AND THE PROJECTED TEST YEAR

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

LINE NO.	DESCRIPTION	CURRENT TAX			DEFERRED TAX		
		STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL
1	NET UTILITY OPERATING INCOME	\$ 204,910	\$ 204,910				
2	ADD INCOME TAX ACCOUNTS	(808,259)	(808,259)				
3	LESS INTEREST CHARGES (FROM C-23)	1,489,405	1,489,405				
4							
5	TAXABLE INCOME PER BOOKS	\$ (2,092,754)	\$ (2,092,754)				
6							
7	TEMPORARY ADJUSTMENTS TO TAXABLE INCOME (LIST)						
8	ADD: BOOK DEPRECIATION	(4,420,232)	(4,420,232)		4,420,232	4,420,232	
9	LESS: TAX DEPRECIATION	3,736,516	3,736,516		(3,736,516)	(3,736,516)	
10	UNRECOVERED PURCHASE POWER/GAS	54,057	54,057		(54,057)	(54,057)	
11	OUTSIDE AUDIT FEES	(943)	(943)		943	943	
12	ORDINARY LOSS ON ACRS PROPERTY	211,200	211,200		(211,200)	(211,200)	
13	COST OF REMOVAL-ADR PROPERTY	24,840	24,840		(24,840)	(24,840)	
14	CONSERVATION PROGRAM COSTS	52,996	52,996		(52,996)	(52,996)	
15	SELF INSURANCE RESERVE	(22,728)	(22,728)		22,728	22,728	
16	TAXABLE CONTRIBUTIONS	(122,220)	(122,220)		122,220	122,220	
17	PENSION COSTS	(352,683)	(352,683)		352,683	352,683	
18	VACATION PAY	(12,694)	(12,694)		12,694	12,694	
19	UNCOLLECTIBLES	(14,498)	(14,498)		14,498	14,498	
20	LOSS ON REACQUIRED DEBT	(7,953)	(7,953)		7,953	7,953	
21	MISC DEFERRAL	-	-		-	-	
22	GENERAL LIABILITY	(46,803)	(46,803)		46,803	46,803	
23	RATE CASE EXPENSE	(84,758)	(84,758)		84,758	84,758	
24	NONDEDUCTIBLE ESPP COMPENSATION EXPENSE	(17,972)	(17,972)		-	-	
25	STORM RESERVE	(129,237)	(129,237)		129,237	129,237	
26	CAPITALIZED INTEREST	(91,470)	(91,470)		91,470	91,470	
27	ELECTRIC CONSULTANT FEES	-	-		-	-	
28	TOTAL TEMPORARY DIFFERENCES	\$ (1,244,582)	\$ (1,244,582)		\$ 1,226,610	\$ 1,226,610	
29							
30	PERMANENT ADJUSTMENTS TO TAXABLE INCOME (LIST)						
31	NONDEDUCTIBLE MEALS-CORPORATE	(1,730)	(1,730)				
32	NONDEDUCTIBLE MEALS-OTHER	(2,869)	(2,869)				
33	State Exemption	1,320					
34	TOTAL PERMANENT ADJUSTMENTS	\$ (3,279)	\$ (4,599)				
35							
36	STATE TAXABLE INCOME (L5+L28+L34)	\$ (844,893)			\$ (1,226,610)		
37	STATE INCOME TAX (5.5% OR APPLICABLE RATE OF L36)	\$ (46,469)			\$ (67,464)		
38	ADJUSTMENTS TO STATE INCOME TAX (LIST)						
39							
40	Prior Period Tax adjustment	(166,296)			166,296		
41	Interest Sync and adjustment tax	126					
42	FASB 109 Amortization ARAM				(3,189)		
43	TOTAL ADJUSTMENTS TO STATE INCOME TAX	\$ (166,170)			\$ 163,107		
44							
45	STATE INCOME TAX	\$ (212,639)			\$ 95,643		

SUPPORTING SCHEDULES:

RECAP SCHEDULES: C7

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: PROVIDE THE CALCULATION OF STATE AND FEDERAL INCOME TAXES FOR THE HISTORICAL BASE YEAR AND THE PROJECTED TEST YEAR

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Witness: Mehrdad Khojasteh

LINE NO.	DESCRIPTION	CURRENT TAX			DEFERRED TAX		
		STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL
46	FEDERAL TAXABLE INCOME (L5+L28+L34-L37state)		\$ (797,104)		\$ (1,159,146)		
47	FEDERAL INCOME TAX (34% OR APPLICABLE RATE)		\$ (271,015)		\$ (394,110)		
48							
49	ADJUSTMENTS TO FEDERAL INCOME TAX						
50							
51	Prior Period Tax adjustment		(878,904)		878,904		
52	Interest Sync and adjustment tax		736		-		
53	FASB 109 amortization ARAM				1,061		
54							
55							
56							
57	TOTAL ADJUSTMENTS TO FEDERAL INCOME TAX		\$ (878,168)		\$ 879,965		
58							
59	FEDERAL INCOME TAX		\$ (1,149,183)		\$ 485,855		
60							
61							
62							
63	TOTAL FEDERAL AND STATE INCOME TAXES		\$ (1,361,822)		\$ 581,498		
64							
65	ITC AMORTIZATION		\$ (27,935)				
66							
67							
68							
69							
70							
71	SUMMARY OF INCOME TAX EXPENSE:						
72		STATE	FEDERAL	TOTAL			
73	CURRENT TAX EXPENSE	(212,639)	(1,149,183)	(1,361,822)			
74	DEFERRED INCOME TAXES	95,643	485,855	581,498			
75	INVESTMENT TAX CREDITS, NET			(27,935)			
76	TOTAL INCOME TAX PROVISION	(116,996)	(663,328)	(808,259)			

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the amount of interest expense used to calculate net operating income taxes on Schedule 22. If the basis for allocating interest used in the tax calculation differs from the basis used in allocating current income tax expense, the differing bases should be clearly identified.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Doreen Cox

Line No.	Description	(1) Historical Base Year Ended 2006	(2) Prior Year Ended 2007	(3) Test Year Ended 2008
1	Interest on Long Term Debt (1)	1,268,418	1,277,132	1,173,525
2				
3	Amortization of Debt Discount, Premium, Issuing			
4	Expense & Loss on Reacquired Debt (1)	-	-	-
5				
6	Interest on Short Term Debt	75,536	123,947	129,657
7				
8	Interest on Customer Deposits	129,626	166,567	186,223
9				
10	Other Interest Expense	-	-	-
11				
12	Less Allowance for Funds Used During Construction	-	-	-
13				
14				
15	Total Interest Expense	<u>1,473,580</u>	<u>1,567,647</u>	<u>1,489,405</u>

(1) Amortization of Debt Discount, Premium, Issuing Expense and Loss on Reacquired Debt have been included as part of the Interest on Long Term Debt

Supporting Schedules:

Recap Schedules: C-22

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide information required in order to adjust income tax expenses by reason of interest expense of parent(s) that may be invested in the equity of the utility in question. If a projected test period is used, provide on both a projected and historical basis.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Doreen Cox

Line No.	Amount	Percent of Capital	Cost Rate	Weighted Cost
1	Long Term Debt			
2				
3	Short Term Debt			
4				
5	Preferred Stock			
6				
7	Common Equity			
8				
9	Deferred Income Tax	Not Applicable		
10				
11	Investment Tax Credits	Weighted cost of parent debt x 38.575% (or applicable consolidated tax rate) x equity of subsidiary		
12				
13	Other (specify)			
14				
15	Total			

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: To provide information required to present the excess/deficient deferred tax balances due to protected and unprotected timing differences at statutory tax rates different from the current tax rate. The protected deferred tax balances represent timing differences due to Life and Method effect on depreciation rates.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.		Protected	Unprotected	Total (Excess/Deficient)
1	Balance at Beginning of the Historical Year	16,289,924	1,657,563	17,947,487
2	Historical Year Amortization	2,202,805	217,860	2,420,665
3				
4	Balance at Beginning of Historical Year + 1	14,087,119	1,439,703	15,526,822
5	Historical Year + 1 Amortization	2,202,805	217,860	2,420,665
6				
7	Balance at Beginning of Projected Test Year	11,884,314	1,221,843	13,106,157
8	Projected Test Year Amortization	2,202,805	217,860	2,420,665
9				
10	Balance at End of Projected Test Year	9,681,509	1,003,983	10,685,492
11				
12				
13				
14				
15	* 2006 -2008 is estimate based on 2005 actual schedules			

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-E1

EXPLANATION: Provide a copy of the company's most recent consolidated Federal Income Tax Return, State Income Tax Return and most recent final IRS revenue agent's report.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Prior Year Ended 12/31/2007
Historic Year Ended 12/31/2006
Witness: Mehrdad Khojasteh

The Company's tax returns are available for staff review at the General Office Complex.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

EXPLANATION: Provide a summary of the specific tax effects (in dollars) of filing a consolidated return for the test year. Identify the nature and amount of benefits to the company and to the ratepayers.

Type of Data Shown:
Projected Test Year Ended 12/31/2008
Prior Year Ended 12/31/2007
Historic Year Ended 12/31/2006
Witness: Mehrdad Khojasteh

There are no specific tax benefits or detriments in filing a consolidated return versus individual company returns. There are no existing tax-sharing agreements with affiliated companies.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the requested miscellaneous tax information.

Type of Data Shown:
 Historical Years Ended 2004, 2005 and 2006
 Witness: Mehrdad Khojasteh

Line No.		Income (loss)					
		Book Basis Year			Tax Basis Year		
		2004	2005	2006	2004	2005	2006
1	For profit and loss purposes, which IRC section 1552 method is used for tax allocation?						
2							
3							
4	What tax years are open with the IRS?						
5							
6	For the last three tax years, what dollars were paid to or received from the parent for federal income taxes?						
7							
8							
9	How were the amounts in (3) treated?						
10							
11	For each of the last three years, what was the dollar amount of interest deducted on the parent ONLY tax return?						
12							
13							
14	Complete the following chart for the last three years:						
	Parent Only		NOT APPLICABLE			NOT APPLICABLE	
	Applicant Only		NOT APPLICABLE			NOT APPLICABLE	
	Total Group (1)	3,593,719	4,247,817	4,168,781	(380,767)	4,978,347	*
	Total Group Excluding Parent & Applicant		NOT APPLICABLE			NOT APPLICABLE	

(1) FPUC CONSOLIDATED INCLUDES WHOLLY OWNED SUBSIDIARY, FLO-GAS CORPORATION. THE APPLICANT - MARIANNA AND FERNANDINA BEACH DIVISIONS ARE OPERATING DIVISIONS OF FPUC.
 * 2006 INCOME TAX RETURN NOT COMPLETED AT THE TIME OF THIS FILING

Supporting Schedules:

Recap Schedules:

GAINS AND LOSSES ON DISPOSITION OF PLANT OR PROPERTY

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a schedule of gains and losses on disposition of plant and property previously used in providing electric service for the test year and the four prior years. List each item with a gain or loss of \$1 million or more, or more than .1% of total plant. List amounts allowed in prior cases, and the test year of such prior cases.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-E1

Description of Property	Date Acquired	Date Disposed	Original Classification Account	Reclassification Account(s)	Reclassification Date(s)	Original Amount Recorded	Additions or (Retirements)	Depreciation and Amortization	Net Book Value on Disposal Date	Gain or (Loss)	Amounts Allowed Prior Cases	Prior Cases Test Year Ended / /
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No gains or losses in excess of \$1 million.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: Florida Public Utilities Company
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule detailing transactions with affiliated companies and related parties for the test year including intercompany charges, licenses, contracts and fees.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Historical Year Ended 12/31/06
 Witness: Mehrdad Khojasteh

Line No.	Name of Company or Related Party	Relation to Utility	Type of Service Provided or Received	Effective Contract Date	Charges During year		Acct. No.	Allocation Method Used to Allocate Charges Between Companies
					Amount 2006	Amount 2008 Projected*		
1	Flo-gas Corporation	Wholly-Owned Subsidiary	Materials & Supplies		139,282	149,032	146	Actual use of materials
2								
3	Flo-gas Corporation	Wholly-Owned Subsidiary	Transportation		172,127	184,176	146	Actual use of vehicles and various allocation basis
4								
5	Flo-gas Corporation	Wholly-Owned Subsidiary	Shared expenses charged to clearing accounts		738,889	790,622	146	Various allocation basis
6								
7	Flo-gas Corporation	Wholly-Owned Subsidiary	Labor		3,181,787	3,630,419	146	Actual use of personnel and various allocation basis
8			TOTAL NET AMOUNT		4,232,095	4,754,249		
9								
10	All transactions are allocated if they affect the affiliated operations of Flo-Gas Corporation. The basis depends on the nature of the transaction with the bulk of the allocations							
11	in the corporate office building and Administrative & General expenses. The primary allocation factors are as follows:							
12	* Projections based on inflation, payroll and customer factors.							
13								
14	<u>NATURE</u>		<u>ALLOCATION BASIS</u>					
15								
16	Corporate Office Structure		Use study and utility plant in service					
17								
18	Property Insurance		Utility plant in service					
19								
20	A & G Salaries		Utility Plant in Service					
21								
22	Customer Accounts Expense		Customers					
23								
24	Pensions and Employee Benefits		Payroll base					
25								
26	Outside Professional Services & General Liability Insurance		Adjusted gross profit					
27								
28								
29	Through the allocation process all charges affecting the affiliated company have been eliminated from the historic and projected test years.							
30	All the various allocation factors are available in Special Job 61-227 at our Corporate Office.							

Supporting Schedules: C-31

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

EXPLANATION:

Provide a copy of the Diversification Report included in the company's most recently filed Annual Report as required by Rule 25-6.135, Florida Administrative Code. Provide any subsequent changes affecting the test year.

Type of Data Shown:
Historic Year Ended 12/31/2006
Witness: Mehrdad Khojasteh

See pages 455-460 from FERC FORM NO. 1 (2006) attached.

No material changes expected in 2007 and 2008.

Analysis of Diversification Activity
New or Amended Contracts with Affiliated Companies

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2006

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)
	NONE

Analysis of Diversification Activity
Individual Affiliated Transactions in Excess of \$500,000

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2006

<p>Provide information regarding individual affiliated transactions in excess of \$500,000. Recurring monthly affiliated transactions which exceed \$500,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.</p>		
Name of Affiliate (a)	Description of Transaction (b)	Dollar Amount (c)
None		

Analysis of Diversification Activity
 Summary of Affiliated Transfers and Cost Allocations

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

<p>Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.</p> <p>(a) Enter name of affiliate. (b) Give description of type of service, or name the product involved. (C) Enter contract or agreement effective dates. (d) Enter the letter "p" if the service or product is a purchased by the Respondent: "s" if the service or product is sold by the Respondent. (e) Enter utility account number in which charges are recorded. (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (C). Do not net amounts when services are both received and provided.</p>					
Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (C)	"p" or "s" (d)	Total Charge for Year	
				Account Number (e)	Dollar Amount (f)
SEE ATTACHED SCHEDULES					

Analysis of Diversification Activity
ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2006

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		166,647	72,435	94,212	\$ N/A	\$ N/A	N/A
Flo-Gas Corporation	Meters	20,447	7,321	13,126	N/A	Transfer	N/A
	Transp Equipment	26,100	8,094	18,006	N/A	Transfer	N/A
	Regulators	242	122	120	N/A	Transfer	N/A
	Misc. Equipment	55,797	24,141	31,656	N/A	Transfer	N/A
	Computer Equipment	16,075	5,758	10,317	N/A	Transfer	N/A
	Lantana Yard	47,986	26,999	20,987	N/A	Transfer	N/A
Sales to Affiliates:		39,301	16,762	22,539	\$ N/A	Sales Price	N/A
	Transp Equipment	39,301	16,762	22,539	N/A	Transfer	N/A
		0	0	-	N/A	Transfer	N/A

Employee Transfers

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.				
Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
Flo-Gas Does Not Have Any Transfers				

Analysis of Diversification Activity
Non-Tariffed Services and Products Provided by the Utility

Company: Florida Public Utilities Company
For the Year Ended December 31, 2006

Provide the following information regarding all non-tariffed services and products provided by the utility.		
Description of Product or Service (a)	Account No. (b)	Regulated or Non-regulated (c)
<i>None</i>		

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide an analysis of all non-utility operations such as orange groves, parking lots, etc. that utilized all or part of any utility plant that are not included in Schedule C-31.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Jim Mesite

(1) Line Number	(2) Account Number	(3) Description	(4) Original Purchase Cost	(5) Test Year Revenues (All Accts. 454)	(6) Expense Amounts	(7) Net Revenues
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NONE

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule for the last four prior years and the test year of other operation and maintenance expense summary by average customer, selected growth indices, selected growth rates and average number of customers.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historical Prior Years 2004 - 2006
 Witness: Doreen Cox

	2004 Year	2005 Year	2006 Year	2007 Year	2008 Year
SUMMARY OF OTHER O&M EXPENSES (DOLLARS PER CUSTOMER)					
Power Production Expense					
Transmission Expenses	1.09	4.25	6.36	7.68	8.43
Distribution Expenses	85.09	96.82	92.32	102.73	128.14
Customer Account Expenses	42.85	40.53	43.46	45.31	52.15
Customer Service Expenses	12.80	15.66	14.89	13.00	13.30
Sales Expenses	0.72	0.79	4.71	5.74	5.87
Administration & General Expenses	91.87	98.20	104.74	116.53	126.77
Total Other O & M Expenses	234.42	256.24	266.47	290.99	334.67
GROWTH INDICES					
Consumer Price Index	188.90	195.30	201.60	205.97	210.64
Average Customer	29,891	30,243	30,636	30,999	31,370
CPI Percent Increase	2.66%	3.39%	3.23%	2.17%	2.27%
Average Customer Percent Increase	1.77%	1.18%	1.30%	1.18%	1.20%
Index Percent CPI x Customer Growth	4.48%	4.61%	4.57%	3.38%	3.49%
Average Customer Increase	520	352	393	363	371
DOLLAR AMOUNTS, IN CURRENT DOLLARS AND ANNUAL GROWTH RATES FOR:					
O & M Expense Less Fuel per KWH Sold	0.00914	0.00952	0.00961	0.01086	0.01346
Capital Cost per Installed Kilowatt of Capacity	n/a	n/a	n/a	n/a	n/a
Revenue per KWH Sold	0.01721	0.01725	0.01674	0.01705	0.01760
AVERAGE NUMBER OF CUSTOMERS					
Residential	22,878	23,119	23,464	23,756	24,058
Commercial	4,036	4,097	4,131	4,178	4,226
Industrial	2	2	2	2	2
Outdoor Lights	2,947	2,995	3,007	3,044	3,065
Street Lighting	22	19	19	19	19
Interdepartmental	6	11	13	0	0
Total	29,891	30,243	30,636	30,999	31,370
KWh Sales	766,348,960	814,352,781	849,123,616	830,949,543	780,004,211

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

Provide the following statistical data for the company,
 by calendar year for the most recent 5 historical years.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Historic Years 2002 - 2005
 Witness: Mark Cutshaw, Doreen Cox

	Year 2002	Year 2003	Year 2004	Year 2005	Year 2006	Average Annual Growth Rate
THE LEVEL AND ANNUAL GROWTH RATES FOR:						
Peak Load MW	154	185	171	164	197	7.19%
Peak Load Per Customer (KW)	5	6	6	5	6	5.84%
Energy Sales (MWH)	741,038	723,823	766,349	814,353	849,124	3.52%
Energy Sales Per Customer	25	25	26	27	28	2.19%
Number of Customers (Average excluding interdept., see C-33)	29,084	29,365	29,885	30,232	30,623	1.30%
Installed Generating Capacity (MW)	n/a	n/a	n/a	n/a	n/a	n/a
Population of Service Area	n/a	n/a	n/a	n/a	n/a	n/a
End of Year Miles of Distribution Lines	1,047	1,053	1,067	1,073	1,081	0.81%
End of Year Miles of Jurisdictional Transmission Lines	22	22	22	22	22	0.00%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: Florida Public Utilities Company
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the following Payroll and Fringe Benefits data for the historical test year and two prior years. If a projected test year is used, provide the same data for the projected test year and for prior years to include two historical years.

Type of Data Shown:
 Historical Year Ended 12/31/05
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	12/31/2005			12/31/2006		
	Amount	% Increase	CPI	Amount	% Increase	CPI
1	<u>Total Company Basis</u>					
2						
3						
4	Gross Payroll	16,785,347	N/A 3.40%	17,122,023	2.01%	3.20%
5	Gross Average Salary	47,450	N/A 3.40%	47,683	0.49%	3.20%
6						
7	<u>Fringe Benefits</u>					
8						
9	Life Insurance	100,682	N/A 3.40%	102,596	1.90%	3.20%
10	Medical Insurance	1,956,576	N/A 3.40%	1,878,220	-4.00%	3.20%
11	Retirement Plan - Pension	1,466,952	N/A 3.40%	1,599,407	9.03%	3.20%
12	Employee Savings Plan	N/A	N/A 3.40%	N/A	N/A	3.20%
13	Federal Insurance Contributions Act	2,416,398	N/A 3.40%	2,458,362	1.74%	3.20%
14	Federal & State Unemployment Taxes	65,840	N/A 3.40%	59,821	-9.14%	3.20%
15	Worker's Compensation	25,085	N/A 3.40%	14,981	-40.28%	3.20%
16	Other (Education, Service Awards, Physicals, etc.) -SPECIFY					
17	Employee Stock Purchase Plan	60,948	N/A 3.40%	66,564	9.21%	3.20%
18	Sub Total-Fringes	6,092,481	N/A 3.40%	6,179,951	1.44%	3.20%
19						
20						
21	Total Payroll and Fringes	<u>22,877,828</u>	N/A 3.40%	<u>23,301,974</u>	1.85%	3.20%
22						
23	Average Employees	354	N/A 3.40%	359	1.51%	3.20%
24						
25	Payroll and Fringes Per Employee	<u>64,672</u>	N/A 3.40%	<u>64,893</u>	0.34%	3.20%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: Florida Public Utilities Company
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the following Payroll and Fringe Benefits data for the historical test year and two prior years. If a projected test year is used, provide the same data for the projected test year and for prior years to include two historical years.

Type of Data Shown:
 Historic Year Ended 12/31/06
 Prior Year Ended 12/31/07
 Witness: Mehrdad Khojasteh

Line No.		12/31/2006			12/31/2007		
		Amount	% Increase	CPI	Amount	% Increase	CPI
1	<u>Total Company Basis</u>						
2							
3							
4	Gross Payroll	17,122,023	2.01%	3.20%	18,366,785	7.27%	2.17%
5	Gross Average Salary	47,683	0.49%	3.20%	49,569	3.96%	2.17%
6							
7	<u>Fringe Benefits</u>						
8							
9	Life Insurance	102,596	1.90%	3.20%	104,510	1.87%	2.17%
10	Medical Insurance	1,878,220	-4.00%	3.20%	2,067,500	10.08%	2.17%
11	Retirement Plan - Pension	1,599,407	9.03%	3.20%	1,690,000	5.66%	2.17%
12	Employee Savings Plan	N/A	N/A	3.20%	N/A	N/A	2.17%
13	Federal Insurance Contributions Act	2,458,362	1.74%	3.20%	2,500,326	1.71%	2.17%
14	Federal & State Unemployment Taxes	59,821	-9.14%	3.20%	53,802	-10.06%	2.17%
15	Worker's Compensation	14,981	-40.28%	3.20%	20,033	33.72%	2.17%
16	Other (Education, Service Awards, Physicals, etc.) -SPECIFY						
17							
18	Employee Stock Purchase Plan	66,564	9.21%	3.20%	72,180	8.44%	2.17%
19	Sub Total-Fringes	6,179,951	1.44%	3.20%	6,508,351	5.31%	2.17%
20							
21	Total Payroll and Fringes	23,301,974	1.85%	3.20%	24,875,136	6.75%	2.17%
22							
23	Average Employees	359	1.51%	3.20%	364	1.37%	2.17%
24							
25	Payroll and Fringes Per Employee	64,893	0.34%	3.20%	68,338	5.31%	2.17%
26							

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: Florida Public Utilities Company
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the following Payroll and Fringe Benefits data for the historical test year and two prior years. If a projected test year is used, provide the same data for the projected test year and for prior years to include two historical years.

Type of Data Shown:
 Prior Year Ended 12/31/07
 Projected Test Year Ended 12/31/08
 Witness: Mehrdad Khojasteh

Line No.	12/31/2007			12/31/2008			
	Amount	% Increase	CPI	Amount	% Increase	CPI	
1	<u>Total Company Basis</u>						
2							
3							
4	Gross Payroll	18,366,785	7.27%	2.17%	19,602,448	6.30%	2.27%
5	Gross Average Salary	49,569	3.96%	2.17%	51,541	3.83%	2.27%
6							
7	<u>Fringe Benefits</u>						
8							
9	Life Insurance	104,510	1.87%	2.17%	106,424	1.80%	2.27%
10	Medical Insurance	2,067,500	10.08%	2.17%	2,282,263	9.41%	2.27%
11	Retirement Plan - Pension	1,690,000	5.66%	2.17%	1,860,000	9.14%	2.27%
12	Employee Savings Plan	N/A	N/A	2.17%	N/A	N/A	2.27%
13	Federal Insurance Contributions Act	2,500,326	1.71%	2.17%	2,542,290	N/A	2.27%
14	Federal & State Unemployment Taxes	53,802	-10.06%	2.17%	47,783	-12.60%	2.27%
15	Worker's Compensation	20,033	33.72%	2.17%	17,507	-14.43%	2.27%
16	Other (Education, Service Awards, Physicals, etc.) -SPECIFY						
17	Employee Stock Purchase Plan	72,180	8.44%	2.17%	77,796	7.22%	2.27%
18	Sub Total-Fringes	<u>6,508,351</u>	5.31%	2.17%	<u>6,934,063</u>	6.14%	2.27%
19							
20	Total Payroll and Fringes	<u>24,875,136</u>	6.75%	2.17%	<u>19,602,448</u>	-26.90%	2.27%
21							
22							
23	Average Employees	364	1.37%	2.17%	359	-1.37%	2.27%
24							
25	Payroll and Fringes Per Employee	<u>68,338</u>	5.31%	2.17%	<u>54,590</u>	-25.18%	2.27%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a comparison of the change in operation and maintenance expenses (excluding fuel) for the last three years and the test year to the CPI.

Type of Data Shown:
 Historic Years Ended 12/31/2003, 04, 05, 06
 Projection Years Ended 12/31/2007, 2008
 Witness: Mehrdad Khojasteh

	2002 (000's)	2003 (000's)	2004 (000's)	2005 (000's)	2006 (000's)	2007 (000's)	2008 (000's)
Non-Fuel Operations & Maintenance Expenses (Excluding Conservation, Adjusted for Regulatory Adjustments).	5,491	6,080	6,616	7,276	7,705	8,617	10,081
Percent Change in Non-Fuel Operations & Maintenance Expense Over Previous Year.		10.73%	8.82%	9.98%	5.90%	11.84%	16.99%
Percent Change in CPI Over Previous Year. (1)		2.28%	2.66%	3.39%	3.23%	2.20%	2.30%
Difference Between Change in CPI and Non-Fuel Operations & Maintenance Expense.		8.45%	6.16%	6.59%	2.67%	9.64%	14.69%

(1) CPI projections used for 2007 & 2008

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: For test year functionalized O & M expenses,
 provide the benchmark variances.

Type of Data Shown:
 Prior Base Year 12/31/02
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Line No.	Function	Test Year Total Company Per Books 2006	O & M Adjustments 2006	Adjusted Test Year O & M 2006	Base Year Adjusted O & M 2002	Compound Multiplier	Historic Year Benchmark (5) x (6)	Unadjusted Benchmark Variance (4) - (7)	Unadjusted Benchmark Variance Excluding:	Adjusted Benchmark Variance
1	Production - Steam									
2										
3	Production - Nuclear									
4										
5	Production - Other	30,606,436	(30,606,436)	-	-		-	-		-
6										
7	Transmission	194,697	-	194,697	65,207	1.3071	85,232	109,465		109,465
8										
9	Distribution	2,828,336	-	2,828,336	2,364,635	1.3071	3,090,814	(262,478)		(262,478)
10										
11	Customer Accounts	1,331,423	-	1,331,423	1,388,756	1.3071	1,815,243	(483,820)		(483,820)
12										
13	Customer Service and Information	456,161	(456,161)	-						
14										
15										
16	Sales Expenses	144,236	-	144,236	2,708	1.3071	3,540	140,696		140,696
17										
18	Administrative and General	3,208,858	(250)	3,208,608	2,286,653	1.3071	2,988,884	219,724		219,724
19										
20	Total	<u>38,770,147</u>	<u>(31,062,847)</u>	<u>7,707,300</u>	<u>6,107,959</u>		<u>7,983,713</u>	<u>(276,413)</u>	<u>-</u>	<u>(276,413)</u>

Supporting Schedules: C-2, C-7, C-12, C-38, C-39, C-40, C-41

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the detail of adjustments made to test year per books
 O & M expenses by function.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Function	Adjustment	Explanation
1	Production - Steam	N/A	
2			
3	Production - Nuclear	N/A	
4			
5			
6			
7	Total Production	0	
8			
9	Other Power Supply	(30,606,436)	To remove Purchased Power costs which are recovered through the fuel docket.
10			
11	Transmission	0	
12			
13	Distribution	0	
14			
15	Customer Accounts	0	
16			
17	Customer Service and Information	(456,161)	To remove Conservation costs which are recovered through the conservation docket.
18			
19	Sales Expenses	0	
20			
21			
22	Administrative & General	(250)	To remove Economic Development Expense from acct. 93023.
23			
24			
25	Total Adjustments	<u>(31,062,847)</u>	

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide adjustments to benchmark year O & M expenses related to expenses recoverable through mechanisms other than base rates. Explain any adjustments.

Type of Data Shown:

Prior Year Ended 12/31/2002

Witness: Mehrdad Khojasteh

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION

DOCKET NO.: 070304-EI

Line No.	Function	Benchmark Year Actual O & M \$	Adjustments for Non-Base Rate Expense Recoveries	\$	Benchmark Year Adjusted O & M \$
1	PRODUCTION - STEAM	0		0	0
2	PRODUCTION - NUCLEAR	0		0	0
3	OTHER POWER SUPPLY EXPENSES	26,497,852	PURCHASED POWER RECOVERY CLAUSE	(26,497,852)	0
4	TRANSMISSION	65,207		0	65,207
5	DISTRIBUTION	2,364,635		0	2,364,635
6	CUSTOMER ACCOUNTS	1,388,756		0	1,388,756
7	CUSTOMER SERVICE AND INFORMATION	488,107	CONSERVATION RECOVERY CLAUSE	(488,107)	0
8	SALES EXPENSE	2,708		0	2,708
9	ADMINISTRATIVE AND GENERAL	2,286,653		0	2,286,653
10	TOTAL	<u>33,093,918</u>		<u>(26,985,959)</u>	<u>6,107,959</u> (1)

(1) INCLUDES FIGURES AS FILED LAST RATE CASE PLUS FPSC AJUSTMENTS MADE PER ORDER NO. PSC-04-0369-AS-EI.

Supporting Schedules:

Recap Schedules: C-37

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

For each year since the benchmark year, provide the amounts and percent increases associated with customers and average CPI. Show the calculation for each compound multiplier.

Type of Data Shown:
 Prior Years Ended 12/31/2002, 03, 04, 05
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Year	Total Customers			Average CPI-U (1982-1984 = 100)			Inflation and Growth Compound Multiplier
	Amount	% Increase	Compound Multiplier	Amount	% Increase	Compound Multiplier	
2002	26,266		1.0000	179.9		1.0000	1.0000
2003	26,797	2.02%	1.0202	184.0	2.28%	1.0228	1.0435
2004	29,891	11.55%	1.1380	188.9	2.66%	1.0500	1.1949
2005	30,243	1.18%	1.1514	195.3	3.39%	1.0856	1.2500
2006	30,636	1.30%	1.1664	201.6	3.23%	1.1206	1.3071

Supporting Schedules:

Recap Schedules: C-37

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of operation and maintenance expense by function for the test year, the benchmark year and the variance. For each functional benchmark variance, provide the reason(s) for the difference.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

FERC ACCOUNTS: 562 - 573

FERC FUNCTIONAL GROUP: TRANSMISSION

	AMOUNT
TEST YEAR ADJUSTED	194,697
BENCHMARK	85,232
VARIANCE TO JUSTIFY	<u>109,465</u>

LINE NO.	JUSTIFICATION NO.	DESCRIPTION	BASE YEAR (PRIOR CASE) ACTUAL O&M	BENCHMARK	HISTORIC BASE YEAR O&M REQUESTED	BENCHMARK VARIANCE
1	T-1	JEA TRANSFORMER LEASE - ACCT 570	0	0	25,680	25,680
2	T-2	GE ENERGY CHARGE - ACCT 570	0	0	53,181	53,181
3	T-3	WOODPECKER DAMAGE TO POLES - ACCT 571	0	0	32,900	32,900

JUSTIFICATION

- T-1 LEASE OF TRANSFORMER FROM JEA DUE TO LOSS OF COMPANY TRANSFORMER IN OCTOBER 2005.
- T-2 GE ENERGY CHARGE FOR TRANSFORMER OIL FILTERING AND OTHER MAINTENANCE.
- T-3 REPAIR OF WOODPECKER NESTING DAMAGE TO TRANSMISSION POLES. THIS HAS BECOME AN INCREASING PROBLEM IN RECENT YEARS.

Supporting Schedules: C-37

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of operation and maintenance expense by function for the test year, the benchmark year and the variance. For each functional benchmark variance, provide the reason(s) for the difference.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

FERC ACCOUNTS: 911 - 917

FERC FUNCTIONAL GROUP: SALES EXPENSE

	AMOUNT
TEST YEAR ADJUSTED	144,236
BENCHMARK	3,540
VARIANCE TO JUSTIFY	<u>140,696</u>

LINE NO.	JUSTIFICATION NO.	DESCRIPTION	BASE YEAR (PRIOR CASE) ACTUAL O&M	BENCHMARK	HISTORIC BASE YEAR O&M REQUESTED	BENCHMARK VARIANCE
1	S-1	INFORMATIONAL ADV.-PURCH. POWER -ACCT 9134	0	0	120,402	120,402
2	S-2	CUSTOMER SATISFACTION SURVEY - ACCT 916	0	0	12,332	12,332
3	S-3	SAFETY ADVERTISING - ACCT 9133	774	1,012	8,224	7,212
4	S-4	PROMOTIONAL ADVERTISING - ACCT 9132	0	0	1,537	1,537

JUSTIFICATION

- S-1 INFORMATIONAL ADVERTISING RE: INCREASE IN PURCHASED POWER COSTS- VENDOR: CURLEY & PYNN.
- S-2 SURVEY OF ELECTRIC CUSTOMERS AND THEIR EXPECTATIONS. AWARENESS OF POWER COSTS INCREASES AND WHERE WE CAN BETTER COMMUNICATE RATE AND CONSERVATION INFORMATION.
- S-3 STORM PREPARATION INFORMATIONAL ADVERTISING
- S-4 CONSERVATION ITEMS WHICH DID NOT QUALIFY FOR RECOVERY THROUGH THE CONSERVATION RECOVERY CLAUSE.

Supporting Schedules: C-37

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of operation and maintenance expense by function for the test year, the benchmark year and the variance. For each functional benchmark variance, provide the reason(s) for the difference.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

FERC ACCOUNTS: 920 - 935

FERC FUNCTIONAL GROUP: ADMINISTRATIVE AND GENERAL

	<u>AMOUNT</u>
TEST YEAR ADJUSTED	3,208,608
BENCHMARK	2,988,884
VARIANCE TO JUSTIFY	<u>219,724</u>

LINE NO.	JUSTIFICATION NO.	DESCRIPTION	BASE YEAR (PRIOR CASE) ACTUAL O&M	BENCHMARK	HISTORIC BASE YEAR O&M REQUESTED	BENCHMARK VARIANCE
1	AG-1	PENSION EXPENSE - 9261	(38,649)	(50,518)	408,815	459,333

JUSTIFICATION

AG-1 PENSION EXPENSES HAVE INCREASED SUBSTANTIALLY SINCE THE PREVIOUS HISTORIC TEST YEAR. THE VALUE OF THE PENSION PLAN ASSETS AND THE CORRESPONDING PROJECTED BENEFIT OBLIGATIONS HAS REQUIRED THE INCREASES IN PENSION EXPENSE AS NOTED ABOVE.

Supporting Schedules: C-37

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY:FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: D70304-EI

EXPLANATION: Provide hedging expenses and plant balances by primary account for the test year and the preceding three years. Hedging refers to initiating and/or maintaining a non-speculative financial and/or physical hedging program designed to mitigate fuel and purchased power price volatility for the utility's retail ratepayers, exclusive of the costs referenced in Paragraph 3, Page 5 of Order No. PSC-02-1484-FOF-EI. Show hedging expenses and plant recovered through base rates separate from hedging expenses and plant recovered through the fuel clause.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Account No.	Account Title	2006		2007		2008	
			Base Rates	Cause	Base Rate:	Cause	Base Rates	Cause

Hedging Expense

Not Applicable

Total Hedging Expense

Hedging related capital investment

Total Hedging investment

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide a schedule of security expenses and security plant balance by primary account and totals for the test year and the preceding three years. Show the security expenses recovered through base rates separate from security expenses recovered through the fuel/capacity clauses. Show the plant balances supporting base rates separate from the plant balances supporting the fuel/capacity clauses. Provide only those security costs incurred after, and as a result of, the terrorist events of September 11, 2001.

Type of Data Shown:
 Projected Test Year Ended 12/31/2008
 Prior Year Ended 12/31/2007
 Historic Year Ended 12/31/2006
 Witness: Mehrdad Khojasteh

Line No.	Account No.	Account Title	2006		2007		2008	
			Base Rates	Cause	Base Rates	Cause	Base Rates	Cause
		Security Expense						
				Not Applicable				
		Total Security Expense						
		Security capital investment						
		Total Security investment						

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the calculation of the revenue expansion factor for the test year.

Type of Data Shown:
 Historic Year Ended 12/31/2006
 Witness: Doreen Cox

Line No.	Description	Percent
1.	Revenue Requirement	100.0000%
2.	Gross Receipts Tax Rate	0.0000%
3.	Regulatory Assessment Rate	0.0720%
4.	Bad Debt Rate	0.1877%
5.	Net Before Income Taxes (1) - (2) - (3) - (4)	99.7403%
6.	State Income Tax Rate	5.5000%
7.	State Income Tax (5) x (6)	5.4857%
8.	Net Before Federal Income Tax (5) - (7)	94.2546%
9.	Federal Income Tax Rate	34.0000%
10.	Federal Income Tax (8) x (9)	32.0465%
11.	Revenue Expansion Factor (8) - (10)	62.2080%
12.	Net Operating Income Multiplier (100% / Line 11)	1.6075

Supporting Schedules: C-11, C-20, C-22

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the revenue expansion factor for
the test year.Type of Data Shown:
Projected Test Year Ended 12/31/2008
Witness: Doreen Cox

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.	Description	Percent
1.	Revenue Requirement	100.0000%
2.	Gross Receipts Tax Rate	0.0000%
3.	Regulatory Assessment Rate	0.0720%
4.	Bad Debt Rate	0.2000%
5.	Net Before Income Taxes (1) - (2) - (3) - (4)	99.7280%
6.	State Income Tax Rate	5.5000%
7.	State Income Tax (5) x (6)	5.4850%
8.	Net Before Federal Income Tax (5) - (7)	94.2430%
9.	Federal Income Tax Rate	34.0000%
10.	Federal Income Tax (8) x (9)	32.0426%
11.	Revenue Expansion Factor (8) - (10)	62.2004%
12.	Net Operating Income Multiplier (100% / Line 11)	1.6077

Supporting Schedules: C-11, C-20, C-22

Recap Schedules:

Projection Factors

		<u>2006-2007</u>	<u>2007-2008</u>	<u>2006-2008</u>
1	Inflation	102.2	102.3	104.6
5	Payroll	105.5	105.5	111.3
2	Customer Growth	101.2	101.2	102.4
6	Sales (KWH) - No Price	100.2	100.9	101.1
13	Inflation & Customer Growth	103.4	103.5	107.0
21	Inflation & Payroll	107.8	107.9	116.3
16	Payroll & Customer Growth	106.8	106.8	114.1
20	Direct	Direct	Direct	Direct
9	Revenues	100	100	100
19	Zero Balance	0	0	0

Over/Above Expenses

Expenses for Northwest Florida									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
114.4010.580	100%	2006 Vacancy	\$ 53,552	\$ 56,497	Vacant Position - Operation's Manager	100%	\$ 53,552	\$ 56,497	
114.4010.5882	100%	Travel & Incidental Expenses	25,400	27,127	Training for 8 Apprentices.	100%	25,400	27,127	
114.4010.9134	100%	Add. Communications to Customers	14,400	14,904	Inform and educate customers on various issues.	100%	14,400	14,904	
114.4010.566	100%	NERC Assessments	4,000	4,140	Annual NERC amount for transmission access.	100%	4,000	4,140	
114.4020.5932	100%	Tree Replacement	15,000	15,525	Replace customer's trees with low growing trees	100%	15,000	15,525	
114.4020.5932	100%	Position Upgrade	-	5,000	Position Upgrade to Lineman	100%	-	5,000	
114.4020.5933	100%	Position Upgrade	-	5,000	Position Upgrade to Lineman	100%	-	5,000	
			\$ 112,352	\$ 128,193			\$ 112,352	\$ 128,193	

Expenses for Northeast Florida									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
115.4010.562	100%	Inspection & Testing	\$ 25,000	\$ 25,575	Inspect & Test substation equip. In accord. with Manuf. Specs	100%	\$ 25,000	\$ 25,575	
115.4010.582	100%	Inspection & Testing	45,000	47,475	Inspect & Test substation equip. In accord. with Manuf. Specs	100%	45,000	47,475	
115.4020.5932	100%	\$1 add. Inc. for Working Foreman	5,748	5,949	New contracts	100%	5,748	5,949	
115.4020.5942	100%	\$1 add. Inc. for Working Foreman	5,748	6,139	New contracts	100%	5,748	6,139	
115.4010.5882	100%	Travel & Incidental Expenses	25,400	27,127	Training for 8 Apprentices.	100%	25,400	27,127	
115.4010.93023	100%	Economic Development Expense	10,000	10,350	To promote growth within the community.	100%	10,000	10,350	
114.4010.9134	100%	Add. Communications to Customers	14,400	14,904	Inform and educate customers on various issues.	100%	14,400	14,904	
114.4010.566	100%	NERC Assessments	8,000	8,280	Annual NERC amount for transmission access.	100%	8,000	8,280	
115.4020.5932	100%	Tree Trimming - 2006 Normalization	17,500	18,113	During 2 months in 2006 we had 1 instead of 2 crews	100%	17,500	18,113	
115.4020.5932	100%	Tree Replacement	15,000	15,525	Replace customer's trees with low growing trees	100%	15,000	15,525	
			\$ 171,796	\$ 179,437			\$ 171,796	\$ 179,437	

Expenses for Storm Hardening									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
11*.4010.566	100%	Transmission Climbing Inspections	\$ -	\$ 18,540	Contractor to perform inspection of the transmission system.	100%	\$ -	\$ 18,540	
11*.4010.580	100%	Collaborative research	-	25,750	Travel and PURC costs in the utility collaborative research projects.	100%	-	25,750	
11*.4010.5881	100%	Joint use audits	-	20,909	Additional Employee to handle joint use audits	100%	-	20,909	
11*.4010.5931	100%	Pole inspections	-	219,833	Contractor and new employee to handle pole inspections	100%	-	219,833	
114.4020.5932	100%	Tree Trimming	-	352,260	Add 3 crews for a total of 6 crews in NW Florida	100%	-	352,260	
11*.4020.5932	100%	Post Storm Data Collection & Review	-	27,000	Develop & Complete Post Storm Data Collection & Forensic Review	100%	-	27,000	
11*.4010.928	100%	Coordination with local gov. & Travel	-	19,991	Provide personnel to be located at EOC during emergencies.	100%	-	19,991	
11*.4020.935	100%	AMFM Annual maint.	-	4,000	Annual maint. Of AMFM system which begins in 2007.	100%	-	4,000	
			\$ -	\$ 688,283			\$ -	\$ 688,283	

Expenses for Customer Relations									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
100.1849.9031	100%	CR Analyst/Coordinator	\$ -	\$ 56,992	New Position to meet SOX 404 Internal Control Requirements	30%	\$ -	\$ 17,098	
100.1849.9031	100%	Postage Increase on 5/7/07	3,815	-	Additional Postage	30%	1,145	1,145	
100.1849.9031	100%	Postage Increase in 2008	-	20,100	Potential Postage Increase in 2008	30%	-	6,030	
100.1849.9031	100%	Lockbox Service Agreement	-	1,050	Potential Increase in 2008	30%	-	315	
			\$ 3,815	\$ 78,142			\$ 1,145	\$ 24,588	

Expenses for Corporate Accounting									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
11*.4010.928	100%	Rate Case Expense	\$ -	\$ 97,244	Electric Rate Case	100%	\$ -	\$ 97,244	
101.1849.920	100%	New Position - Compliance Acct.	-	82,200	Need for special audits including inventory, cash and other processes.	40%	-	32,880	
101.1849.9215	100%	Travel for Compliance Acct.	-	20,000	Travel to all divisions.	26%	-	5,200	
			\$ -	\$ 199,444			\$ -	\$ 135,324	

Over/Above Expenses

Expenses for IT									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
102.1849.920	100%	2006 Prog. Vacancies	\$ 90,110	\$ 95,066	New Position to meet SOX 404 Internal Control Requirements	40%	\$ 36,044	\$ 38,026	
			\$ 90,110	\$ 95,066			\$ 36,044	\$ 38,026	

Expenses for Corporate Services									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
115.4010.9251	100%	Safety Coordinator 1	\$ -	\$ 10,000	Incremental expenses over C. Shelton's position	100%	\$ -	\$ 10,000	
11*.4010.9251	100%	Corp. Services Administrator	-	33,280	New Position to assist in assuring we stay in compliance.	28%	-	9,318	
11*.4020.935	100%	Landscaping, Janit., AC & Elev. Contr.	10,000	22,224	Janit. Service new bid, new elevator contract, A/C increased exp., landscapin	28%	2,800	6,223	
			\$ 10,000	\$ 65,504			\$ 2,800	\$ 25,541	

Expenses for Human Resources									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
100.1849.9216	100%	Supervisory Training	\$ 20,000	\$ 21,100	To keep managers informed on various issues.	26%	\$ 5,200	\$ 5,486	
			\$ 20,000	\$ 21,100			\$ 5,200	\$ 5,486	

Expenses for Salary Adjustment									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
103.1849.9201	100%	Salary Adjustment	\$ 48,845	\$ 51,531	Salary Adjustment	40%	\$ 19,538	\$ 41,225	
			\$ 48,845	\$ 51,531			\$ 19,538	\$ 41,225	

Expenses for Salary Survey									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
100.1849.9031	100%	Salary Survey Adjustment	\$ 680	\$ 2,040	To bring salaries up to market	30%	\$ 204	\$ 827	
4010.920	100%	Salary Survey Adjustment	6,800	20,400	To bring salaries up to market	40%	2,720	11,030	
4010.9251	100%	Salary Survey Adjustment	2,040	6,120	To bring salaries up to market	31%	632	2,572	
11*.4010.580	100%	Salary Survey Adjustment	2,856	8,568	To bring salaries up to market	100%	2,856	11,581	
11*.4020.590	100%	Salary Survey Adjustment	2,856	8,568	To bring salaries up to market	100%	2,856	11,581	
11*.4010.901	100%	Salary Survey Adjustment	1,428	4,284	To bring salaries up to market	100%	1,428	5,791	
			\$ 16,660	\$ 49,980			\$ 10,696	\$ 43,382	

BDO, Bad Debt & General Liability									
Account #	%	Item	2007	2008	Reason	Electric %	2007	2008	
11*.4010.9233	100%	BDO audit increases	\$ 265,000	\$ 292,500	accelerated filing and increased audit requirements for 404	31%	\$ 82,150	\$ 90,675	
11*.4010.904	100%	Bad Debt Expense	-	128,290	Increased base and fuel rates in 2008	100%	-	128,290	
11*.4010.904	100%	Bad Debt Expense	175	959	Increase for consumption changes due to higher rates	100%	175	959	
11*.4010.9252	100%	General Liability	350,000	-	Law suit in 2007 - Backed out for 2008 - Sufficient projections for 2008	38%	133,000	-	
			\$ 615,175	\$ 421,750			\$ 215,325	\$ 219,924	
Total			\$ 1,088,753	\$ 1,978,430			\$ 574,896	\$ 1,529,409	

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS
SCHEDULE D – COST OF CAPITAL SCHEDULES

AUGUST 2007

FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 070304-EI

MINIMUM FILING REQUIREMENTS

COST OF CAPITAL SCHEDULES

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FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the company's 13-month average cost of capital for the test year, the prior year, and historical base year.

Type of Data Shown:
 Historic Year Ended 12/31/06
 Witness: Doreen Cox, Robert Camfield

Line No.	Class of Capital	(A) Company Total Per Books	(B) Specific Adjustments	(C) Pro Rata Adjustments	(D) System Adjusted	(E) Jurisdictional Factor	(F) Jurisdictional Capital Structure	(G) Ratio	(H) Cost Rate	(I) Weighted Cost Rate	(J) Interest Expense
Regulatory Capital Structure, 2006											
1.	Long Term Debt	50,443,237			50,443,237	31.33%	15,801,612	0.4152	8.03%	3.33%	1,268,418
2.	Short Term Debt	3,309,077			3,309,077	31.33%	1,036,586	0.0272	7.29%	0.20%	75,536
3.	Preferred Stock	600,000			600,000	31.33%	187,953	0.0049	4.75%	0.02%	
4.	Common Equity	44,943,721			44,943,721	31.33%	14,078,859	0.3699	11.50%	4.25%	
5.	Customer Deposits	2,136,661			2,136,661		2,136,661	0.0561	6.07%	0.34%	129,626
6.	Deferred Income Taxes	4,674,449			4,674,449		4,674,449	0.1228	0.00%	0.00%	
7.	Tax Credits-Zero Cost	0			0		0	0.0000	0.00%	0.00%	
8.	Tax Credits-Weighted Cost	141,120			141,120		141,120	0.0037	9.55%	0.04%	
9.	TOTAL	106,248,266			106,248,266		38,057,241	1.0000		8.18%	1,473,580

Class of Capital	Company Total Per Books	Ratio	Cost Rate	Weighted Cost Rate
Conventional Capital Structure, 2006				
10.	Long Term Debt	50,443,237	0.5080	8.03%
11.	Short Term Debt	3,309,077	0.0333	7.29%
12.	Preferred Stock	600,000	0.0060	4.75%
13.	Common Equity	44,943,721	0.4526	11.50%
14.	TOTAL	99,296,036	1.0000	9.55%

Rate Base	\$38,057,241
Direct Components	\$6,952,231
	\$31,105,010
Jurisdictional Factor	31.33%

Common Equity excludes Flo-Gas

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the company's 13-month average cost of capital for the test year, the prior year, and historical base year.

Type of Data Shown:
 Prior Year Ended 12/31/07
 Witness: Doreen Cox, Robert Camfield

Line No.	Class of Capital	(A) Company Total Per Books	(B) Specific Adjustments	(C) Pro Rata Adjustments	(D) System Adjusted	(E) Jurisdictional Factor	(F) Jurisdictional Capital Structure	(G) Ratio	(H) Cost Rate	(I) Weighted Cost Rate	(J) Interest Expense
Regulatory Capital Structure, 2007											
1.	Long Term Debt	50,543,842			50,543,842	31.54%	15,941,895	0.3866	8.01%	3.10%	1,277,132
2.	Short Term Debt	5,729,846			5,729,846	31.54%	1,807,235	0.0438	6.86%	0.30%	123,947
3.	Preferred Stock	600,000			600,000	31.54%	189,244	0.0046	4.75%	0.02%	
4.	Common Equity	47,883,036			47,883,036	31.54%	15,102,657	0.3662	11.50%	4.21%	
5.	Customer Deposits	2,637,518			2,637,518		2,637,518	0.0640	6.32%	0.40%	166,567
6.	Deferred Income Taxes	5,452,539			5,452,539		5,452,539	0.1322	0.00%	0.00%	
7.	Tax Credits-Zero Cost	0			0		0	0.0000	0.00%	0.00%	
8.	Tax Credits-Weighted Cost	110,190			110,190		110,190	0.0027	9.52%	0.03%	
9.	TOTAL	112,956,971			112,956,971		41,241,279	1.0000		8.06%	1,567,647

Class of Capital	Company Total Per Books	Ratio	Cost Rate	Weighted Cost Rate		
Conventional Capital Structure, 2007						
10.	Long Term Debt	50,543,842	0.4825	8.01%	3.87%	
11.	Short Term Debt	5,729,846	0.0547	6.86%	0.38%	
12.	Preferred Stock	600,000	0.0057	4.75%	0.03%	
13.	Common Equity	47,883,036	0.4571	11.50%	5.26%	
14.	TOTAL	104,756,724	1.0000		9.52%	
						Rate Base \$41,241,279
						Direct Components \$8,200,247
						\$33,041,032
						Jurisdictional Factor 31.54%

Common Equity excludes Flo-Gas

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the company's 13-month average cost of capital for the test year, the prior year, and historical base year.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Witness: Doreen Cox, Robert Camfield

Line No.	Class of Capital	(A) Company Total Per Books	(B) Specific Adjustments	(C) Pro Rata Adjustments	(D) System Adjusted	(E) Jurisdictional Factor	(F) Jurisdictional Capital Structure	(G) Ratio	(H) Cost Rate	(I) Weighted Cost Rate	(J) Interest Expense
Regulatory Capital Structure, 2008											
1.	Long Term Debt	49,777,370			49,777,370	29.60%	14,733,561	0.3425	7.96%	2.73%	1,173,525
2.	Short Term Debt	6,436,923			6,436,923	29.60%	1,905,259	0.0443	6.81%	0.30%	129,657
3.	Preferred Stock	600,000			600,000	29.60%	177,593	0.0041	4.75%	0.02%	
4.	Common Equity	57,755,879			57,755,879	29.60%	17,095,113	0.3974	11.50%	4.57%	
5.	Customer Deposits	2,948,763			2,948,763		2,948,763	0.0685	6.32%	0.43%	186,223
6.	Deferred Income Taxes	6,078,743			6,078,743		6,078,743	0.1413	0.00%	0.00%	
7.	Tax Credits-Zero Cost	0			0		0	0.0000	0.00%	0.00%	
8.	Tax Credits-Weighted Cost	81,965			81,965		81,965	0.0019	9.67%	0.02%	
9.	TOTAL	123,679,644			123,679,644		43,020,997	1.0000		8.07%	1,489,405

Class of Capital	Company Total Per Books	Ratio	Cost Rate	Weighted Cost Rate	
Conventional Capital Structure, 2008					
10.	Long Term Debt	49,777,370	0.4345	7.96%	3.46%
11.	Short Term Debt	6,436,923	0.0562	6.81%	0.38%
12.	Preferred Stock	600,000	0.0052	4.75%	0.02%
13.	Common Equity	57,755,879	0.5041	11.50%	5.80%
14.	TOTAL	114,570,173	1.0000		9.67%

Rate Base	\$43,020,997
Direct Components	\$9,109,471
	\$33,911,526
Jurisdictional Factor	29.60%

Common Equity excludes Flo-Gas

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

- 1.) List and describe the basis for the specific adjustments appearing on Schedule D-1a.
- 2.) List and describe the basis for the pro-rata adjustments appearing on Schedule D-1a.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Prior Year Ended 12/31/07
 Historic Year Ended 12/31/06
 Witness: Doreen Cox, Robert Camfield

Line No.	Class of Capital	Description	Historic Base Year	Prior Year	Test Year
1		<u>Specific Adjustments</u>			
2					
3		The determination of the cost of capital for purposes of setting			
4		retail rates in the immediate docket incorporates no specific adjustments			
5		to the December '06, Prior Year '07, or The Test Year 2008 capital structure or cost rates			
6					
7					
8		<u>Pro Rata Adjustments</u>			
9					
10		The determination of the cost of capital for purposes of setting			
11		retail rates in the immediate docket incorporates no pro rata adjustments			
12		to the December '06, Prior Year '07, or The Test Year 2008 capital structure or cost rates			

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION:

For the subject Florida utility, all other regulated utility operations combined, all non-regulated operations combined, the parent company, and on a consolidated basis, provide the year-end capital structure for investor capital (i.e. common equity, preferred stock, long-term debt, and short-term debt) for the five years through the end of the projected test year.

Type of Data Shown:

Projected Test Year Ended 12/31/08
 Prior Year Ended 12/31/07
 Historic Years Ended 12/31/04, 05 and 06
 Witness: Doreen Cox, Robert Camfield

Line No.	Class of Capital	2004 Year-End		2005 Year-End		2006 Year-End		2007 Year-End		2008 Year-End	
		Amount	Percent of Total								
1	Long Term Debt	50,538,000	50.449%	50,620,000	47.628%	50,702,000	49.542%	50,784,602	45.141%	49,457,923	40.969%
2	Short Term Debt	5,825,000	5.815%	9,558,000	8.993%	3,466,000	3.387%	12,160,000	10.809%	5,860,000	4.854%
3	Preferred Stock	600,000	0.599%	600,000	0.565%	600,000	0.586%	600,000	0.533%	600,000	0.497%
4	Common Equity	43,213,000	43.137%	45,503,000	42.814%	47,573,000	46.485%	48,958,030	43.517%	64,803,263	53.680%
5	Total	100,176,000	100.000%	106,281,000	100.000%	102,341,000	100.000%	112,502,632	100.000%	120,721,186	100.000%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: 1.) Provide the specified data on short-term debt issues on a 13-month average basis for the test year, prior year, and historical base year

Type of Data Shown:

Projected Year Ended 12/31/08

Prior Year Ended 12/31/07

Historic Year Ended 12/31/06

Witness: Doreen Cox, Robert Camfield

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

2.) Provide a narrative description of the Company's policies regarding short-term financing. The following topics should be covered: ratio of short-term debt to total capital, plant expansion, working capital, timing of long-term financing, method of short-term financing (bank loans, commercial paper, etc.), and other uses of short-term financing.

Year	Maturity Date	Interest Rate	Interest Expense	13-month Average Amount Outstanding During the Year	Weighted Average Cost of Short-term Debt
For Historical Test Year 2006					
2006	July, 2008	7.29%	\$145,595	1,998,015 *	0.20%
For Prior Year 2007					
2007	July, 2008	6.86%	\$381,070	5,556,250 *	0.30%
For Test Year 2008					
2008	July, 2008	6.81%	\$423,453	6,222,500 *	0.30%

2.) The Company plans to use a combination of short term borrowing and an Equity Offering in 2008 to finance future growth and capital expenditures.

*Calculated using the average daily line of credit balance which is appropriate for determining short term debt costs.

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-E1

EXPLANATION: Provide the specified data on long-term debt issues on a 13-month average basis for the test year, prior year, and historical base year. Arrange by type of issue (i.e., first mortgage bonds)

Type of Data Shown:
 Historic Year Ended 12/31/06
 Witness: Doreen Cox, Robert Camfield

HISTORICAL YEAR, 2006

(1) Line No.	(2) Description, Coupon Rate	(3) Issue Date	(4) Maturity Date	(5) Principal Amount Sold (Face Value)	(6) 13-Month Average Principal Amt. Outstanding	(7) Discount (Premium) on Principal Amount Sold	(8) Issuing Expense On Principal Amount Sold	(9) Life (Years)	(10) Annual Amortization (7+8)/(9)	(11) Interest Expense (Coupon Rate) (2) x (6)	(12) Total Annual Cost (10)+(11)	(13) Unamortized Discount (Premium) Associated With (6)	(14) Average Unamort. Issuing Expense & Loss on Reacquired Debt
1	9.57%	5/1/1988	5/1/2018	\$10,000,000	\$10,000,000	\$0	\$180,273	30	\$7,211	\$957,000	\$964,211	N/A	\$49,277
2													
3	10.03%	5/1/1988	5/1/2018	\$5,500,000	\$5,500,000	\$0	\$97,070	30	\$3,883	\$551,650	\$555,533	N/A	\$26,532
4													
5	9.08%	6/1/1992	6/1/2022	\$8,000,000	\$8,000,000	\$0	\$121,967	30	\$4,066	\$726,400	\$730,466	N/A	\$65,070
6													
7	6.85%	10/1/2001	10/1/2031	\$15,000,000	\$15,000,000	\$0	\$1,208,670	30	\$40,289	\$1,027,500	\$1,067,789	N/A	\$1,017,297
8													
9	4.90%	11/1/2001	11/1/2031	\$14,000,000	\$14,000,000	\$0	\$805,956	30	\$26,865	\$686,000	\$712,865	N/A	\$680,704
10													
11													
12		Loss on Re-acquired Debt					\$548,516		\$18,288	\$0	\$18,288		\$217,883
13													
14													
15													
16													
17													
18													
19													
20													
21													
22	Total				\$52,500,000	\$0	\$2,962,452		\$100,602	\$3,948,550	\$4,049,152	N/A	\$2,056,763
23													
24	Less Unamortized Premium, Discount, and												
25	Issuance Expense (13) + (14).				\$2,056,763								
26													
27	Net LT Debt Outstanding				\$50,443,237								
28													
29													
30	Embedded Cost of Long-term Debt				8.0271%								
31	(12) / Net												

Supporting Schedules:

Recap Schedules: D-1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide the specified data on long-term debt issues on a 13-month average basis for the test year, prior year, and historical base year. Arrange by type of issue (i.e., first mortgage bonds)

Type of Data Shown:
 Prior Year Ended 12/31/07
 Witness: Doreen Cox, Robert Camfield

PRIOR YEAR, 2007

(1) Line No.	(2) Description, Coupon Rate	(3) Issue Date	(4) Maturity Date	(5) Principal Amount Sold (Face Value)	(6) 13-Month Average Principal Amt. Outstanding	(7) Discount (Premium) on Principal Amount Sold	(8) Issuing Expense On Principal Amount Sold	(9) Life (Years)	(10) Annual Amortization (7+8)/(9)	(11) Interest Expense (Coupon Rate) (2) x (6)	(12) Total Annual Cost (10)+(11)	(13) Unamortized Discount (Premium) Associated With (6)	(14) Average Unamort. Issuing Expense & Loss on Reacquired Debt
1	9.57%	5/1/1988	5/1/2018	\$10,000,000	\$10,000,000	\$0	\$180,273	30	\$7,211	\$957,000	\$964,211	N/A	\$42,066
2													
3	10.03%	5/1/1988	5/1/2018	\$5,500,000	\$5,500,000	\$0	\$97,070	30	\$3,883	\$551,650	\$555,533	N/A	\$22,649
4													
5	9.08%	6/1/1992	6/1/2022	\$8,000,000	\$8,000,000	\$0	\$121,967	30	\$4,066	\$726,400	\$730,466	N/A	\$61,002
6													
7	6.85%	10/1/2001	10/1/2031	\$15,000,000	\$15,000,000	\$0	\$1,208,670	30	\$40,289	\$1,027,500	\$1,067,789	N/A	\$977,008
8													
9	4.90%	11/1/2001	11/1/2031	\$14,000,000	\$14,000,000	\$0	\$805,956	30	\$26,865	\$686,000	\$712,865	N/A	\$653,854
10													
11													
12			Loss on Re-acquired Debt				\$548,516		\$18,288	\$0	\$18,288		\$199,599
13													
14													
15			Rounding Adjustment										-\$21
16													
17													
18													
19													
20													
21													
22	Total				\$52,500,000	\$0	\$2,962,452		\$100,602	\$3,948,550	\$4,049,152	N/A	\$1,956,158
23													
24	Less Unamortized Premium, Discount, and Issuance Expense (13) + (14).				\$1,956,158								
25													
26													
27	Net LT Debt Outstanding				\$50,543,842								
28													
29													
30	Embedded Cost of Long-term Debt				8.0112%								
31	(12) / Net												

Supporting Schedules:

Recap Schedules: D-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the specified data on long-term debt issues on a 13-month average basis for the test year, prior year, and historical base year. Arrange by type of issue (i.e., first mortgage bonds)

Type of Data Shown:
Projected Test Year Ended 12/31/08
Witness: Doreen Cox, Robert Camfield

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

TEST YEAR, 2008

(1) Line No.	(2) Description, Coupon Rate	(3) Issue Date	(4) Maturity Date	(5) Principal Amount Sold (Face Value)	(6) 13-Month Average Principal Amt. Outstanding	(7) Discount (Premium) on Principal Amount Sold	(8) Issuing Expense On Principal Amount Sold	(9) Life (Years)	(10) Annual Amortization (7+8)/(9)	(11) Interest Expense (Coupon Rate) (2) x (6)	(12) Total Annual Cost (10)+(11)	(13) Unamortized Discount (Premium) Associated With (6)	(14) Average Unamort. Issuing Expense & Loss on Reacquired Debt
1	9.57%	5/1/1988	5/1/2018	\$10,000,000	\$9,440,615	\$0	\$180,273	30	\$7,211	\$903,467	\$910,678	N/A	\$34,855
2													
3	10.03%	5/1/1988	5/1/2018	\$5,500,000	\$5,192,308	\$0	\$97,070	30	\$3,883	\$520,788	\$524,671	N/A	\$18,766
4													
5	9.08%	6/1/1992	6/1/2022	\$8,000,000	\$8,000,000	\$0	\$121,967	30	\$4,066	\$726,400	\$730,466	N/A	\$56,935
6													
7	6.85%	10/1/2001	10/1/2031	\$15,000,000	\$15,000,000	\$0	\$1,208,670	30	\$40,289	\$1,027,500	\$1,067,789	N/A	\$936,719
8													
9	4.90%	11/1/2001	11/1/2031	\$14,000,000	\$14,000,000	\$0	\$805,956	30	\$26,865	\$686,000	\$712,865	N/A	\$627,025
10													
11													
12			Loss on Re-acquired Debt				\$548,516		\$18,288	\$0	\$18,288		\$181,316
13													
14													
15			Rounding Adjustment										-\$63
16													
17													
18													
19													
20													
21													
22	Total				\$51,632,923	\$0	\$2,962,452		\$100,602	\$3,864,155	\$3,964,757	N/A	\$1,855,553
23													
24	Less Unamortized Premium, Discount, and												
25	Issuance Expense (13) + (14).				\$1,855,553								
26													
27	Net LT Debt Outstanding				\$49,777,370								
28													
29													
30	Embedded Cost of Long-term Debt				7.9650%								
31	(12) / Net												

Supporting Schedules:

Recap Schedules: D-1

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

EXPLANATION: Supply a statement of the company's policy on treatment of profit or loss from reacquired bonds. Detail any profit or loss on required bonds for the test year and prior year.

Type of Data Shown:
Projected Test Year Ended 12/31/08
Prior Year Ended 12/31/07
Historic Year Ended 12/31/06
Witness: Doreen Cox, Robert Camfield

In the interest of its retail customers and shareholders, the policy of Florida Public Utilities Company on this issue is to profitably reacquire outstanding debt when economic and capital market conditions afford such opportunities. History suggests, however, that conditions vary substantially from one time to another, such that favorable opportunities to reacquire debt will occur infrequently and randomly. The Company will share the profits and losses associated with reacquired debt fairly with its retail customers.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the data as specified for preferred stock on a 13-month average basis for the test year, prior year, and historical base year.

Type of Data Shown:
 Prior Year Ended 12/31/07
 Historic Year Ended 12/31/06
 Projected Test Year Ended 12/31/08
 Witness: Doreen Cox, Robert Camfield

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

(1) Line No.	(2) Description, Coupon Rate	(3) Issue Date	(4) Call Provisions or Special Restrictions	(5) Principal Amount Sold	(6) 13-month Average Principal Amt. Outstanding	(7) (Discount) Premium on Principal Amount Sold	(8) (Discount) Premium Associated with (6)	(9) Issuing Expense on Principal Amount Sold	(10) Issuing Expense Associated with (6)	(11) Net Proceeds (6)+(8)-(10)	(12) Dollar Dividend on Face Value (2) X (6)	(13) Effective Cost Rate (12)/(11)
For Historic Year 2006												
1.	4.75% Cumulative	12/28/1945		\$600,000	\$600,000	N/A	N/A	N/A	N/A	\$600,000	\$28,500	4.75%
2.	Preferred Stock											
3.												
4.	For Prior Year 2007											
5.	4.75% Cumulative	12/28/1945		\$600,000	\$600,000	N/A	N/A	N/A	N/A	\$600,000	\$28,500	4.75%
6.	Preferred Stock											
7.												
8.	For Test Year 2008											
9.	4.75% Cumulative	12/28/1945		\$600,000	\$600,000	N/A	N/A	N/A	N/A	\$600,000	\$28,500	4.75%
10.	Preferred Stock											
11.												
12.												
13.												
14.												
15.												
16.												
17.												
18.												
19.												
20.												
21.	Weighted Average Cost of Preferred Stock for 2006, 2007 and 2008											4.75%

Supporting Schedules:

Recap Schedules: D-1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide monthly balances, interest rates, and interest payments on customer deposits for the test year, the prior year, and historic year.

Type of Data Shown:
 Historic Year Ended 12/31/06
 Witness: Doreen Cox, Robert Camfield

(1) Line No.	(2) Month and Year	(3) Active Customer Deposits at 6.00%	(4) Active Customer Deposits at 7.00%	(5) Inactive Customer Deposits	(6) Total Deposits (3)+(4)+(5)	(7) Interest Payments (3) X 6%/12	(8) Interest Payments (3) X 7%/12	(9) Total Interest (7) + (8)	(10) Actual Payments and Credits on Bills
1	December, '05				2,075,368				
2	January, '06				2,082,190			10,806	
3	February				2,098,737			11,297	
4	March				2,107,316			9,618	
5	April				2,114,463			10,239	
6	May				2,119,052			10,657	
7	June				2,114,509			10,239	
8	July				2,126,739			11,656	
9	August				2,132,502			10,676	
10	September				2,132,452			11,391	
11	October				2,156,868			10,408	
12	November				2,194,167			11,987	
13	December				2,322,227			10,652	
14									
15	13 Month Average				<u>\$2,136,661</u>				
16									
17	12 Month Total							<u>\$129,626</u>	
18									
19									
20		Effective Interest Rate							
21		12 Month Interest							
22		Expense (9) divided							
23		by Total Deposits (6)			<u>6.07%</u>				

Supporting Schedules:

Recap Schedules: D-1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolir Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide monthly balances, interest rates, and interest payments on customer deposits for the test year, the prior year, and historic year.

Type of Data Shown:
 Prior Year Ended 12/31/07
 Witness: Doreen Cox, Robert Camfield

(1) Line No.	(2) Month and Year	(3) Active Customer Deposits at 6.00%	(4) Active Customer Deposits at 7.00%	(5) Inactive Customer Deposits	(6) Total Deposits (3)+(4)+(5)	(7) Interest Payments (3) X 6%/12	(8) Interest Payments (3) X 7%/12	(9) Total Interest (7) + (8)	(10) Actual Payments and Credits on Bills
1	December, '06	1,590,029	732,198		2,322,227				
2	January, '07	1,589,106	731,773		2,320,879	7,946	4,269	12,214	
3	February	1,599,207	736,425		2,335,632	7,996	4,296	12,292	
4	March	1,809,061	833,061		2,642,123	9,045	4,860	13,905	
5	April	1,822,307	839,161		2,661,468	9,112	4,895	14,007	
6	May	1,835,650	845,305		2,680,956	9,178	4,931	14,109	
7	June	1,849,091	851,495	N/A	2,700,586	9,245	4,967	14,213	N/A
8	July	1,862,630	857,729		2,720,360	9,313	5,003	14,317	
9	August	1,876,269	864,010		2,740,278	9,381	5,040	14,421	
10	September	1,890,007	870,336		2,760,343	9,450	5,077	14,527	
11	October	1,903,845	876,709		2,780,554	9,519	5,114	14,633	
12	November	1,917,785	883,128		2,800,914	9,589	5,152	14,741	
13	December	1,931,828	889,594		2,821,422	9,659	5,189	14,848	
14									
15	13 Month Average				<u>\$2,637,518</u>				
16									
17	12 Month Total					<u>\$109,434</u>	<u>\$58,793</u>	<u>\$168,227</u>	
18									
19									
20		Effective Interest Rate							
21		12 Month Interest							
22		Expense (9) divided							
23		by Total Deposits (6)		<u>6.32%</u>					

Supporting Schedules:

Recap Schedules: D-1

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consol: Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: Provide monthly balances, interest rates, and interest payments on customer deposits for the test year, the prior year, and historic year.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Witness: Doreen Cox, Robert Camfield

(1) Line No.	(2) Month and Year	(3) Active Customer Deposits at 6.00%	(4) Active Customer Deposits at 7.00%	(5) Inactive Customer Deposits	(6) Total Deposits (3)+(4)+(5)	(7) Interest Payments (3) X 6%/12	(8) Interest Payments (3) X 7%/12	(9) Total Interest (7) + (8)	(10) Actual Payments and Credits on Bills
1	December, '06	1,931,828	889,594		2,821,422				
2	January, '07	1,945,973	896,108		2,842,081	9,730	5,227	14,957	
3	February	1,960,221	902,669		2,862,890	9,801	5,266	15,067	
4	March	1,974,574	909,279		2,883,853	9,873	5,304	15,177	
5	April	1,989,032	915,937		2,904,969	9,945	5,343	15,288	
6	May	2,003,596	922,643		2,926,239	10,018	5,382	15,400	
7	June	2,018,266	929,399	N/A	2,947,665	10,091	5,421	15,513	N/A
8	July	2,033,044	936,204		2,969,248	10,165	5,461	15,626	
9	August	2,047,930	943,059		2,990,989	10,240	5,501	15,741	
10	September	2,062,925	949,964		3,012,889	10,315	5,541	15,856	
11	October	2,078,030	956,920		3,034,949	10,390	5,582	15,972	
12	November	2,093,245	963,926		3,057,172	10,466	5,623	16,089	
13	December	2,108,572	970,984		3,079,556	10,543	5,664	16,207	
14									
15	13 Month Average				<u>\$2,948,763</u>				
16									
17	12 Month Total					<u>\$121,577</u>	<u>\$65,316</u>	<u>\$186,893</u>	
18									
19									
20		Effective Interest Rate							
21		12 Month Interest							
22		Expense (9) divided							
23		by Total Deposits (6)		<u>6.32%</u>					

Supporting Schedules:

Recap Schedules: D-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the most recent five year data for the company, or consolidated parent if the company is not publicly traded as indicated. To the extent the requested data is available from other sources, the Company can reference and attach the information to comply with the requirements of this MFR.

Type of Data Shown:

Historic Years Ended 12/31/02, 03, 04, 05 and 06

Witness: Doreen Cox, Robert Carmfield

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 070304-EI

Line No.		2002 Year	2003 Year	2004 Year	2005 Year	2006 Year
1	Pre-tax Interest Coverage Ratio (x)	2.5	2.3	2.6	3.0	2.9
2						
3	Earned Returns on Average Book Equity (%)	11.1%	6.9%	8.4%	9.5%	8.9%
4						
5	Book Value/Share (\$)	\$ 5.32	\$ 7.08	\$ 7.31	\$ 7.64	\$ 7.94
6						
7	Dividends/Share (\$)	\$ 0.38	\$ 0.39	\$ 0.40	\$ 0.41	\$ 0.43
8						
9	Earnings/Share (\$)	\$ 0.57	\$ 0.43	\$ 0.60	\$ 0.71	\$ 0.69
10						
11	Market Value/Share (\$)	\$ 9.90	\$ 10.53	\$ 12.77	\$ 13.65	\$ 13.25
12						
13	Market/Book Ratio (%)	186.1%	148.7%	174.7%	178.7%	166.9%
14						
15	Price/Earning Ratio (6) / (5)	17.37	24.49	21.28	19.23	19.20

* Excluding the Sale of Water Division

** Common Share information re-stated to reflect three for two stock split on July 25, 2005

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 070304-EI

EXPLANATION: 1.) If the test year is projected, provide a summary of financing plans and assumptions.
 2.) Provide the company's capital structure objectives, the basis for assumptions (such as those for issue cost and interest rates), and any other significant assumptions. Provide a statement of the Company's policy on the timing of the entrance into capital markets.

Type of Data Shown:
 Projected Test Year Ended 12/31/08
 Witness: Doreen Cox, Robert Camfield, George Bachman

Financing Plans for the Year Ending 2008

Line No.	Type of Issue	Date of Issue/Retirement	For Bonds			For Stock			Principal Amount
			Capitalization (Thousands)	Interest Rate	Life in Years	No. of Shares	Market Price	Issue Costs	
1	Common Stock	Jun-08				1,250,000	12	900,000	15,000,000
2									
3									
4									
5									
6									
7									
8	<u>Capital Structure Objectives:</u>				<u>Percent of Total</u>				
9									
10	Short-term Debt								
11	Long-term Debt								
12	Preferred Stock								
13	Common Equity								
14									
15									
16	<u>Interest Rate Assumptions</u> Short term interest rates are expected to remain at or very near current levels through 2008 and beyond.								
17	However, interest rate volatility is likely to rise, with respect to the variability observed over the most recent 18-month timeframe.								
18									
19	<u>Company's Policy on the Timing of Entrance into Capital Markets:</u>								
20	Cash requirements are forecasted to increase significantly due to environmental clean-up, land purchase, LT Debt payments and Pension Contributions.								
21	The Company plans to use a combination of short term borrowing and an Equity Offering in 2008 to finance future growth and capital expenditures.								
22	The timing of the Equity Offering is largely dependent on projected capital expenditures and environmental expenses.								

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Provide financial indicators for the test year under current and proposed rates, the prior year, and historical base year.

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 070304-EI

Type of Data Shown:
Projected Test Year Ended 12/31/08
Prior Year Ended 12/31/07
Historic Year Ended 12/31/06
Witness: Doreen Cox, Robert Camfield

Line No.	Indicator	Historic Base Year 2006	Prior Year 2007	Test Year Current Rates 2008	Test Year Proposed Rates
1	Interest Coverage Ratios:				
2	Including AFUDC in Income Before Interest Charges	N/A	N/A	N/A	N/A
3	Excluding AFUDC in Income Before Interest Charges	4.52	4.01	2.50	4.06
4	AFUDC as a percent of Income Available for Common	N/A	N/A	N/A	N/A
5	Percent of Construction Funds Generated Internally	N/A	N/A	N/A	N/A
6					
7	Fixed Charges:				
8	Interest	1,473,580	1,567,647	1,489,405	1,489,405
9	Lease Payments	N/A	N/A	N/A	N/A
10	Sinking Funds Payments	-	-	417,049	417,049
11	Tax on Sinking Fund Payments	-	-	141,797	141,797
12					
13	Ratio of Earnings to Fixed Charges				
14	Including AFUDC	N/A	N/A	N/A	N/A
15	Excluding AFUDC	1.68	1.21	0.10	1.67
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

Supporting Schedules: D-1

Recap Schedules: