

EI803-05-AR

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Item 1: ☐ An Initial (Original) Submission OR ☐ Resubmission No. _____Item 2: ☐ An Original Signed Form OR ☐ Conformed CopyForm Approved
OMB No. 1902-0021
(Expires 3/31/2005)

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Public Service Company
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FERC Form No. 1: ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHERS

RECEIVED
 PUBLIC SERVICE
 COMPANY
 06 MAY 15 AM 9:49
 DIVISION OF
 ECONOMIC REGULATION

This report is mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Florida Public Utilities Company

Year of Report

Dec. 31, 2005



BDO Seidman, LLP
Accountants and Consultants

1601 Forum Place
Centurion Plaza, Suite 904
West Palm Beach, Florida 33401
Telephone: (561) 688-1600
Fax: (561) 688-1848

INDEPENDENT AUDITORS' REPORT

Florida Public Utilities Company
West Palm Beach, Florida

We have audited the balance sheet –regulatory basis of Florida Public Utilities Company (the “Company”) as of December 31, 2005, and the related statements of income – regulatory basis, retained earnings – regulatory basis, and the consolidated statement of cash flows for the year then ended, included on pages 110 through 122, excluding additional information on pages 114 f – Northeast Division, 114 m - Northwest Division and 115 –Electric, Gas and Other Utility Divisions, of the accompanying Federal Energy Regulatory Commission Form 1. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

These financial statements were prepared in accordance with the accounting requirements of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements for the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“generally accepted accounting principles”). The principal differences from generally accepted accounting principles include accounting for the Company’s investment in a wholly-owned subsidiary under the equity method rather than consolidating the assets, liabilities, revenues, and expenses of the subsidiary, the inclusion of certain accumulated provisions in other non-current liabilities rather than current liabilities, and the classification of all deferred tax accounts on a gross basis as non-current.

The consolidated statement of cash flows and the accompanying notes to the financial statements are prepared on a consolidated basis as presented with the Company’s consolidated financial statements included in its Annual Report to Shareholders. Such



consolidated statement of cash flows and notes are not comparable in certain respects with the accompanying balance sheets –regulatory basis and income statements – regulatory basis in which an investment in a wholly- owned subsidiary is accounted for under the equity method.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of the Company as of December 31, 2005, and the results of its operations and its cash flows for the year ended December 31, 2005, in accordance with the accounting requirements of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 114f – Northeast Division, 114m –Northwest Division, and 115 –Electric, Gas, and Other Utility Divisions is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Florida Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'BDO Seidman, LLP'.

BDO Seidman, LLP
Certified Public Accountants
February 28, 2006

EXECUTIVE SUMMARY

SUPPLEMENT TO ANNUAL REPORT

OF

FLORIDA PUBLIC UTILITIES COMPANY

FOR THE YEAR

2005

Executive Summary

Instructions

Purpose of Executive Summary

The Executive Summary provides the Florida Public Service Commission management with contact persons, positions and telephone numbers a brief narrative of the company profile, corporate records and corporate organization. The Executive Summary is both more readable and shorter than an annual report. It contains non-technical data of general interest and applicability to individuals who are not intimately familiar with the individual utility.

Part I - Telephone Numbers:

The utility's primary telephone number for its main administrative office is to be included in Section A on Page 2. The name, title, and telephone number (other than the universal number: in Section A) for officers of the utility are to be included in Section B. Include the name of the directors, their position title and employer, and telephone number in Section C:

Part II – Company Profile:

The company profile is a brief synopsis, which should be approximately three pages long for a major utility, in narrative format with a few statistics included. The six areas covered are:

- A. Brief Company History - Year and state of the organization, whether as a subsidiary or. parent name changes and other pertinent data.
- B. Operating Territory - Provide the area of state or states served, and a few statistics such as the number of cities served, the number of customers or similar available statistics that provide a reader a basic understanding of the scope and nature of the operations of the utility.
- C. Major Goals and Objectives - State the goals and objectives of the utility such as desired return on equity, increased productivity by a specific percentage and other such goals. Specific goals such as "to achieve a rate of return on equity of 14.5% is preferable to general statements of goals such as to achieve a reasonable return on equity."

D. Major Operating Divisions and Functions - Provide the major operating divisions and activities performed by each. For some companies, the vice presidents or other officers and their respective responsibilities may correspond to major operating divisions. For instance, the Vice president of Finance may constitute a major operating division and accounting, corporate and treasury, and rates and regulatory matters may be the related functions assigned to the Vice President.

E. Affiliates and Relationships - List all affiliates and their relationship to the utility.

F. Current and Projected Growth Patterns - Provide a concise estimate of future annual growth for the next two to four years. A short table may be used to provide this data. For instance, a table for three years showing the KWH sales, revenue, and customers would be sufficient for an electric utility. Major assumptions such as "revenue forecasts based on current rates" may be provided.

Part III – Corporate Records:

The principal location and any important secondary locations of records should be provided in Section A on Page 5. The chart of accounts used, the location of any copies of the corporate records and a description of the types of records maintained at secondary locations should be furnished in Section B. Under Section C, list any outside auditors, regulatory agencies or internal auditors from affiliates that audit the books and records.

Part IV - Parent/Affiliate Organizational Chart:

Provide an organizational chart showing the relationship of affiliates involved either directly or indirectly in providing utility services including the furnishing of any management services to the utility. All other affiliates, those that are irrelevant to the provision of utility services may be omitted from the organizational chart.

Part V - Liaison Personnel-Directory:

All employees or outside professionals who are in regular recurring contact with the Florida Public Service Commission on behalf of the utility should be listed under Section A on Page 7, together with the title, position, organizational unit, name of immediate supervisor and area(s) of responsibility. Employees who infrequently contact or are contacted by the Florida Public Service Commission need not be listed unless contact occurs on important issues. Organizational Charts covering the employees listed as liaison personnel should be included in Section B.

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PART I - TELEPHONE NUMBERS

A. Company's Universal Telephone Number: (561) 832-2461		
B. Direct Telephone Number for Officer (s)		
Officer (s) Name	Title	Telephone Numbers
1. John T. English	President & Chief Executive Officer	(561) 838-1762
2. Charles L. Stein	Senior Vice President	(561) 838-1760
3. George Bachman	Chief Financial Officer & Treasurer	(561) 838-1731
C. Direct Telephone Number for Director (s)		
Officer (s) Name	Title	Telephone Numbers
1. Ellen Terry Benoit	Director	(561) 845-3766
2. John T. English	President & Chief Executive Officer	(561) 838-1762
3. Richard C. Hitchins	Director	(561) 832-8833
4. Paul L. Maddock, Jr	Director	(561) 655-1483
5. Troy Maschmeyer, Jr	Director	(561) 848-9112
6. Dennis Hudson, III	Director	(772) 288-6086

PART II - COMPANY PROFILE

(Provide Brief Narrative)

A. Brief Company History

Florida Public Utilities Company was incorporated March 6, 1924, as the Palm Beach Gas Company, and the name was changed to the present title on October 24, 1927. The company was reincorporated on April 29, 1925.

The purchase of the property of the Gas Service Company of Key West was made on October 5, 1927, and sold on May 10, 1938. On May 1, 1929, the company acquired Pensacola Gas Company, but sold these properties to Gulf Power on May 28, 1934. Southern States Power Company (Marianna and Fernandina, Florida) was purchased July 1, 1935. The acquisitions of Sanford Gas Company and Florida Home Gas Company of DeLand occurred on January 1, 1965, and June 1, 1967, respectively. Water property in Marianna was sold June 1, 1976, to the North Florida Water Company. The acquisition of Z-Gas Company Inc. took place on October 29, 2001. Net assets of Atlantic Utilities were acquired on December 15, 2001. In November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction.

B. Operating Territory

Four areas of Florida are served by Florida Public Utilities Company. The South Florida division serves 38,600 customers within Palm Beach and Broward Counties. The Central Florida division serves 21,200 customers in Seminole, Volusia and Marion Counties. Nature Coast division serves 2,100 customers in Levy County.

The Northwest division, located in the panhandle of Florida, serves 15,200 customers in portions of Jackson, Calhoun, and Liberty Counties. The Northeast division, which serves Amelia Island on the upper east coast of Florida, furnishes electricity and propane services to 15,200 and 1,500 customers, respectively.

C. Major Goals and Objectives

To provide reliable utility service to present and prospective customers in an efficient and courteous manner at the most reasonable cost possible.

To provide our stockholders with a reasonable return on their investments.

To promote conservation of energy (electricity and natural gas) through programs presently in effect, and future programs which may be adopted.

PART II - COMPANY PROFILE (continued)

(Provide Brief Narrative)

D. Major Operating Divisions and Functions

Florida Public Utilities Company operates out of four divisions and is headquartered in West Palm Beach. Natural gas is provided by the West Palm Beach (South Florida) and Central Florida divisions. These two divisions also service customers in offering gas appliance sales and repairs.

Propane gas is provided by the West Palm Beach (South Florida), Central Florida, Fernandina Beach (Northeast Florida), and Nature Coast divisions.

Electricity is supplied by the divisions in Marianna (Northwest Florida) and Fernandina (Northeast Florida). Fernandina Beach is also the sole location providing water service.

E. Affiliates and Relationships

The wholly-owned subsidiary, Flo-Gas Corporation, sells bottled gas in the West Palm Beach, Central Florida and Fernandina Beach areas.

F. Current and Projected Growth Patterns

<u>Operations</u>	<u>Past 3 Years</u>		<u>3 Years Projection</u>
Marianna - Electric	9%	Annually	2 % Annual
Fernandina Beach - Electric	3%	Annually	3 % Annual
Gas Operations	3%	Annually	3 % Annual

PART III - CORPORATE RECORDS

A. Location

Divisional Offices

Address

West Palm Beach (South Florida)	401 South Dixie Highway, West Palm Beach
Debary (Central Florida)	450 South Highway, Debary
Marianna (Northwest Florida)	2825 Pennsylvania Avenue, Marianna
Fernandina Beach (Northeast Florida)	911 S. 8th Street, Fernandina Beach
Nature Coast	19510 SE Diana Street, Inglis

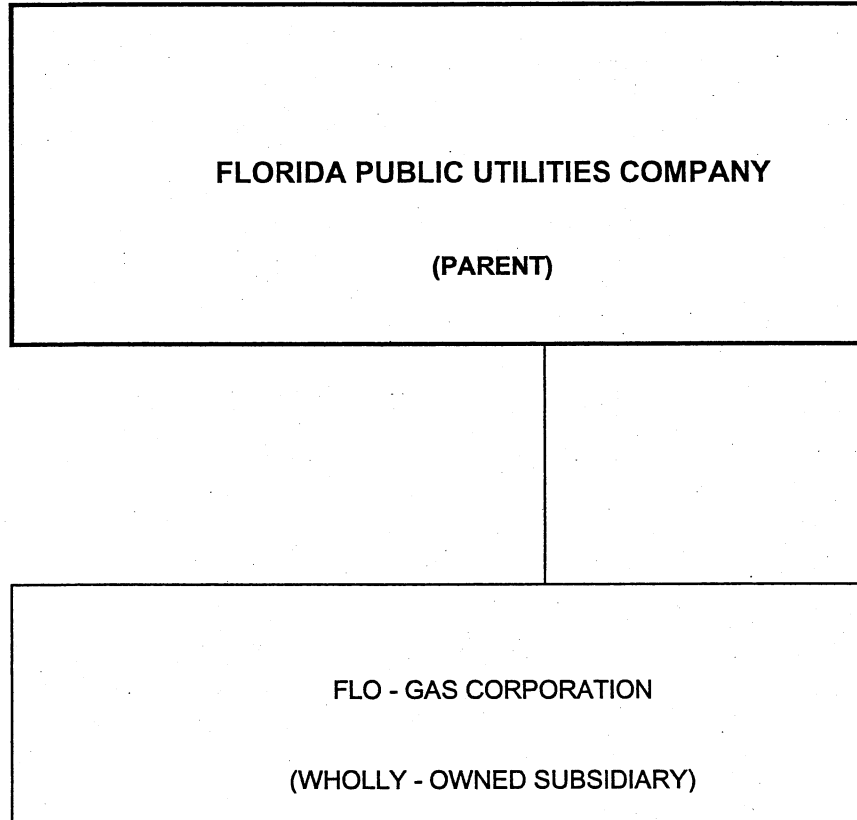
Each divisional office has on file records limited to individual divisional operations. The general office in West Palm Beach contains the general corporate accounting records for Company-wide operations.

C. List Audit Groups Reviewing Records and Operations

BDO Seidman, LLP - Annual and quarterly corporate audits. Review of income tax return.
Florida Public Service Commission - Electric and gas.

PART IV - PARENT / AFFILIATE ORGANIZATION CHART

CURRENT AS OF : December 31, 2005



PART V - LIAISON PERSONNEL DIRECTORY

(4)

A. List

Name of Company (1) (2) Representative	Title or Position	Organizational Unit (3) Title (Dept/Div/Etc.)	Name of Immediate Supervisor	Area (s) Responsible
John T. English	President & Chief Operating Officer	Electric and Gas Operations		Engineering, Rates Rules and Regulations
Charles L. Stein	Senior Vice President	Electric and Gas Operations	J. T. English	Engineering, Rates Rules and Regulations
Mario Lacaci	Director - North West Florida	NW Florida Electric Operations	C. Stein	Conservation, Rates and Engineering
P. Mark Cutshaw	Director - North East Florida	NE Florida Electric Operations	C. Stein	Rates and Engineering
Geoff Hartman	Customer Development Manager	Electric and Gas Operations	M. Seagraves	Conservation
George Bachman	Chief Financial Officer & Treasurer	Electric and Gas Operations	J. T. English	Open Dockets, Accounting, Rules and Regulations
Cheryl Martin	Controller	Electric and Gas Operations	G. M. Bachman	Open Dockets, Accounting, Rules and Regulations
Marc Seagraves	Director of Marketing	Electric and Gas Operations	C. Stein	Conservation & Marketing
Norman Horton, Jr. (850) 222-0720	Attorney	Messer, Caparello, & Self	-	Fuel Adj., PGA, and Conservation, All Divisions

(1) Also list appropriate legal counsels, and others who may not be on the general payroll.

(2) Please provide individual telephone numbers if the person cannot be reached through the Company's operator.

(3) Please provide appropriate organization charts for all persons listed within the Company.

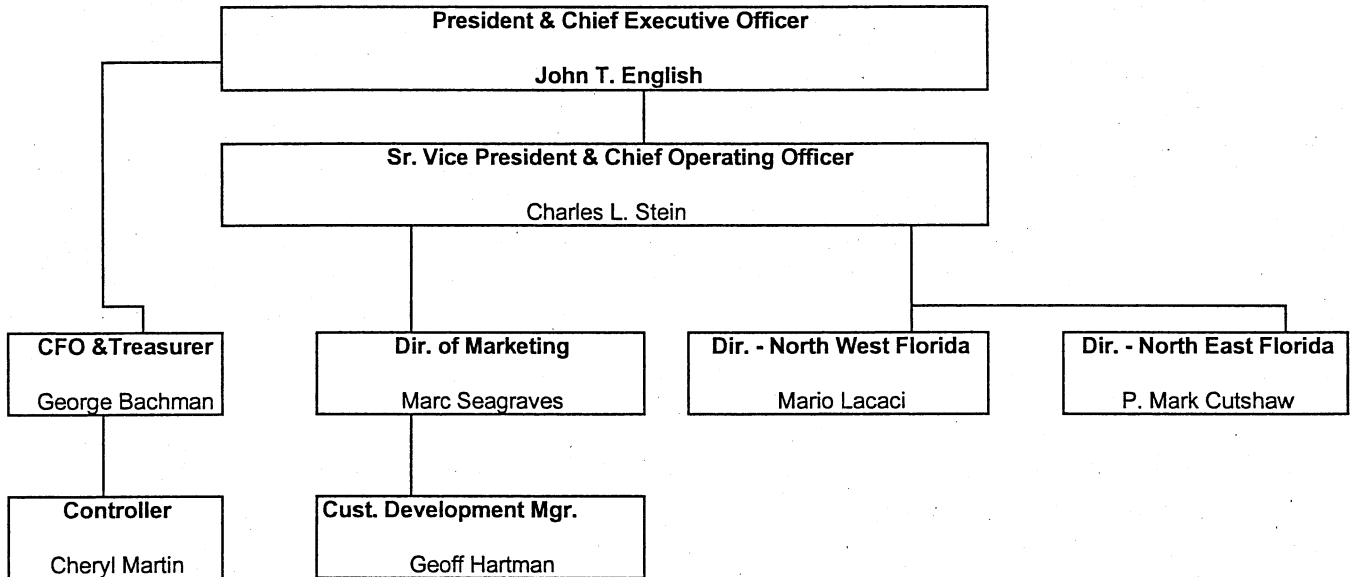
(4) Defined as personal visits or telephone call as a result of either routine interface, rate cases, or audits.

PART V - LIAISON PERSONNEL

B. Organizational Chart (for reporting chain for all personnel listed on Page 7)

CURRENT AS OF: December 31, 2005

FLORIDA PUBLIC UTILITIES COMPANY



SIGNATURE PAGE

I certify that I am the responsible accounting officer of
Florida Public Utilities Company;

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2005 to December 31, 2005, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

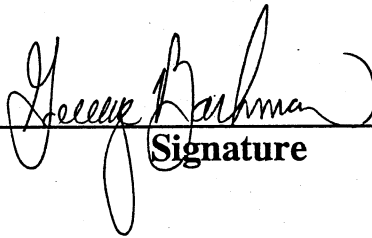
I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing

performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

5/9/06

Date



Signature

George Bachman

Name

Chief Financial Officer & Treasurer

Title

INSTRUCTIONS FOR FILING THE
FERC FORM NO. 1

GENERAL INFORMATION

I. Purpose

This form is a regulatory support requirement (18 CFR 141.1). It is designed to collect financial and operational information from major electric utilities, Licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is also secondarily considered to be a nonconfidential public use form supporting a statistical publication (Financial Statistics of Selected Electric Utilities), published by the Energy Information Administration.

II. Who Must Submit

Each major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of The Federal Power Act (18 CFR 101), must submit this form.

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds

one of the following:

- (1) one million megawatt hours of total annual sales,
- (2) 100 megawatt hours of annual sales for resale,
- (3) 500 megawatt hours of annual power exchanges delivered, or
- (4) 500 megawatt hours of annual wheeling for others (deliveries plus Losses).

III. What and Where to Submit

(a) Submit this form electronically through the Form 1 Submission Software and an original and six (6) conformed paper copies, properly filed in and attested, to:

Office of the Secretary
Federal Energy Regulatory Commission
888 First Street, NE.
Room 1A
Washington, DC 20426

Retain one copy of this report for your files.

Include with the original and each conformed paper copy of this form the subscription statement required by 18 C.F.R. 385.2011(c)(5). Paragraph (c)(5) of 18 C.F.R. 385.2011 requires each respondent submitting data electronically to file a subscription stating that the paper copies contain the same information as the electronic filing, that the signer knows the contents of the paper copies and electronic filing, and that the contents as stated in the copies and electronic filing are true to the best knowledge and belief of the signer.

(b) Submit, immediately upon publication, four (4) copies of the Latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Page 4, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
888 First Street, NE.
Washington, DC 20426

(c) For the CPA certification, submit with the original submission, or within 30 days after the filing date for this form, a Letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984):

(i) Attesting to the conformity, in all material aspects, of the below listed (schedules and) pages with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

(ii) Signed by independent certified public accountants or an independent Licensed public accountant certified or Licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 CFR 41.10-41.12 for specific qualifications.)

GENERAL INFORMATION (continued)

III. What and Where to Submit (Continued)

(c) Continued

Schedules	Reference Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

When accompanying this form, insert the Letter or report immediately following the cover sheet. When submitting after the filing date for this form, send the letter or report to the office of the Secretary at the address indicated at III (a).

Use the following format for the Letter or report unless unusual circumstances or conditions, explained in the Letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of _____. We have also reviewed schedules _____ of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report, which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirements free of charge from:

Public Reference and Files Maintenance Branch
Federal Energy Regulatory Commission
888 First Street, NE. Room 2A ES-1
Washington, DC 20426
(202) 208-2474

IV. When to Submit

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 1,217 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, 888 First Street N.E., Washington, DC 20426 (Attention: Mr. Michael Miller, CI-1); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if this collection of information does not display a valid control number. (44 U.S.C. 3512(a)).

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 101) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U. S. of A.
- II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2, 3, and 4.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" included in the header of each page is to be completed only for resubmissions (see VII. below). The date of the resubmission must be reported in the header for all form pages, whether or not they are changed from the previous filing.
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the Form 1 Submission Software and an original and six (6) conformed paper copies of the entire form, as well as the appropriate number of copies of the subscription statement indicated at instruction III (a). Resubmissions must be numbered sequentially on the cover page of the paper copies of the form. In addition, the cover page of each paper copy must indicate that the filing is a resubmission. Send the resubmissions to the address indicated at instruction III (a).
- VIII. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- IX. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.

DEFINITIONS

- I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. 791a-825r)

"Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to wit:
... (3) "Corporation" means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) "Person" means an individual or a corporation;

(5) "Licensee" means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) "Municipality" means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry on the business of developing, transmitting, unitizing, or distributing power;..."

(11) "Project" means a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered:

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the proper administration of this Act. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies."

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed..."

General Penalties

"Sec. 315. (a) Any licensee or public utility which willfully fails, within the time prescribed by the Commission, to comply with any order of the Commission, to file any report required under this Act or any rule or regulation of the Commission thereunder, to submit any information or document required by the Commission in the course of an investigation conducted under this Act ... shall forfeit to the United States an amount not exceeding \$1,000 to be fixed by the Commission after notice and opportunity for hearing..."

**FERC FORM NO. 1:
ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION		
01 Exact Legal Name of Respondent FLORIDA PUBLIC UTILITIES COMPANY	02 Year of Report December 31, 2005	
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 401 South Dixie Highway, West Palm Beach, FL 33401-5807		
05 Name of Contact Person George Bachman	06 Title of Contact Person Chief Financial Officer & Treasurer	
07 Address of Contact Person (Street, City, State, Zip Code) Same as above		
08 Telephone of Contact Person, Including Area Code (561) 838-1731	09 This Report Is (1) <input checked="checked" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) December 31, 2005
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.		
01 Name George Bachman	02 Title Chief Financial Officer & Treasurer	
03 Signature	04 Date Signed (Mo, Da, Yr)	
Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.		

Name of Respondent Florida Public Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2005	Year of Report December 31, 2005
LIST OF SCHEDULES (Electric Utility)			
Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," not applicable," or "NA."			
Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
General Information.....	101	Ed. 12-87	
Control Over Respondent.....	102	Ed. 12-87	None
Corporations Controlled by Respondent.....	103	Ed. 12-95	
Officers.....	104	Ed. 12-87	
Directors.....	105	Ed. 12-95	
Security Holders and Voting Powers.....	106-107	Ed. 12-87	None
Important Changes During the Year.....	108-109	Ed. 12-90	
Comparative Balance Sheet.....	110-113	Rev. 12-94	
Statement of Income for the Year.....	114-117	Rev. 12-95	Pg. 116-None
Statement of Retained Earnings for the Year.....	118-119	Ed. 12-94	
Statement of Cash Flows.....	120-121	Rev. 12-94	
Notes to Financial Statements.....	122-123	Ed. 12-88	Pg. 123-None
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion.....	200-201	Ed. 12-89	
Nuclear Fuel Materials.....	202-203	Ed. 12-89	None
Electric Plant in Service.....	204-207	Rev. 12-95	
Electric Plant Leased to Others.....	213	Rev. 12-95	None
Electric Plant Held for Future Use.....	214	Ed. 12-89	None
Construction Work in Progress-Electric.....	216	Ed. 12-87	
Construction Overheads-Electric.....	217	Ed. 12-89	None
General Description of Construction Overhead Procedure.....	218	Ed. 12-88	None
Accumulated Provision for Depreciation of Electric Utility Plant..	219	Ed. 12-88	
Nonutility Property.....	221	Ed. 12-95	See page 461
Investment in Subsidiary Companies.....	224-225	Ed. 12-89	
Materials and Supplies.....	227	Ed. 12-89	
Allowances.....	228-229	Ed. 12-95	None
Extraordinary Property Losses.....	230	Ed. 12-93	None
Unrecovered Plant and Regulatory Study Costs.....	230	Ed. 12-93	None
Other Regulatory Assets.....	232	New 12-93	
Miscellaneous Deferred Debits.....	233	Ed. 12-94	
Accumulated Deferred Income Taxes (Account 190).....	234	Ed. 12-88	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other credits)			
Capital Stock.....	250-251	Ed. 12-90	
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock.....	252	Rev. 12-95	None
Other Paid-in Capital.....	253	Ed. 12-87	
Discount on Capital Stock.....	254	Ed. 12-87	None
Capital Stock Expense.....	254	Ed. 12-86	None
Long-Term Debt.....	256-257	Ed. 12-91	

Name of Respondent Florida Public Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2005	Year of Report December 31, 2005
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LIST OF SCHEDULES (Electric Utility)(Continued)

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)			
Reconciliation of Reporting Net Income with Taxable Income for Federal Income Taxes.....	261	Ed. 12-88	
Taxes Accrued, Prepaid and Changed During Year.....	262-263	Rev. 12-95	
Accumulated Deferred Investment Tax Credits.....	266-267	Ed. 12-89	
Other Deferred Credits.....	269	Ed. 12-88	
Accumulated Deferred Income Taxes-Accelerated Amortization Property.....	272-273	Ed. 12-94	None
Accumulated Deferred Income Taxes-Other Property.....	274-275	Ed. 12-94	
Accumulated Deferred Income Taxes-Other.....	276-277	Ed. 12-94	
Other Regulatory Liabilities.....	278	Ed. 12-94	
INCOME ACCOUNT SUPPORTING SCHEDULES			
Electric Operating Revenues.....	300-301	Ed. 12-90	
Sales of Electricity by Rate Schedules.....	304	Ed. 12-95	
Sales for Resale.....	310-311	Ed. 12-88	None
Electric Operation and Maintenance Expenses.....	320-323	Ed. 12-95	
Number of Electric Department Employees.....	323	Ed. 12-93	See page 462
Purchase Power.....	326-327	Ed. 12-95	
Transmission of Electricity for Others.....	328-330	Ed. 12-90	None
Transmission of Electricity by Others.....	332	Ed. 12-90	None
Miscellaneous General Expenses-Electric.....	335	Ed. 12-94	
Depreciation and Amortization of Electric Plant.....	336-338	Ed. 12-95	
Particulars Concerning Certain Income Deduction and Interest Charges Accounts.....	340	Ed. 12-87	See page 463
COMMON SECTION			
Regulatory Commission Expenses.....	350-351	Ed. 12-90	
Research, Development and Demonstration Activities.....	352-353	Ed. 12-87	None
Distribution of Salaries and Wages.....	354-355	Ed. 12-88	
Common Utility Plant and Expenses.....	356	Ed. 12-87	
ELECTRIC PLANT STATISTICAL DATA			
Electric Energy Account.....	401	Rev. 12-90	
Monthly Peaks and Output.....	401	Rev. 12-90	
Steam -Electric Generating Plant Statistics (Large Plants).....	402-403	Ed. 12-89	None
Hydroelectric Generating Plant Statistics (Large Plants).....	406-407	Ed. 12-89	None
Pumped Storage Generating Plant Statistics (Large Plants).....	408-409	Ed. 12-88	None
Generating Plant Statistics (Small Plant).....	410-411	Ed. 12-87	None

FLORIDA PUBLIC UTILITIES COMPANY	An Original	December 31 2004
GENERAL INFORMATION		
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p style="margin-left: 40px;">Florida Public Utilities Company 401 South Dixie Highway, P.O. Box 3395 West Palm Beach, Florida 33401</p>		
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p style="margin-left: 40px;">State of Florida March 6, 1924; Reincorporated April 25, 1929</p>		
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p style="margin-left: 40px;">N/A</p>		
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p style="margin-left: 40px;">Distribution of electricity and gas in the state of Florida.</p>		
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) YES ...Enter the date when such independent accountant was initially engaged: _____</p> <p>(2) <input checked="" type="checkbox"/> NO</p>		

December 31, 2005

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.

4. Joint control is that in which neither interest can effectively

control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
Flo - Gas Corporation	Propane Gas	100%	

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other

person who performs similar policymaking functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President & Chief Executive Officer	John T. English	\$239,940
2			
3	Senior Vice President & Chief Operating Officer	Charles L. Stein	\$181,092
4			
5	Chief Financial Officer, Treasurer & Secretary	George M. Bachman	\$163,728
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December 31, 2005

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)
J.T. English** Chairman & Chief Executive Officer	401 South Dixie Highway West Palm Beach, Florida
R.C. Hitchins	325 South Olive Avenue West Palm Beach, Florida
P.L. Maddock, Jr	275 S County Road Palm Beach, Florida
D. Hudson (as of 8/05)	PO Box 9012 Stuart, Florida
Ellen Terry Benoit	250 El Pueblo Way Palm Beach, Florida
R. E. Schupp (resigned 3/05)	4400 Congress Avenue West Palm Beach, Florida
T. Maschmeyer (as of 6/05)	1142 Watertower Road Lake Park, Florida

December 31, 2005

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important information to franchise rights:

Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.

2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.

3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.

4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.

5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less.

Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.

7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.

8. State the estimated annual effect and nature of any important wage scale changes during the year.

9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

11. (Reserved)

12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be included on this page.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION

IMPORTANT CHANGES DURING THE YEAR

- 1 None
- 2 None
- 3 None
- 3 None
- 4 None
- 5 None

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	155,356,699	164,766,497
3	Construction Work in Progress (107)	200-201	6,975,311	4,336,065
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		162,332,010	169,102,562
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	(50,859,345)	(53,241,795)
6	Net Utility Plant (Enter Total of line 4 less 5)		111,472,665	115,860,767
7	Nuclear Fuel (120.1-102.4, 120.6)	202-203	-	-
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	-	-
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		-	-
10	Net Utility Plant (Enter Total of lines 6 and 9)		111,472,665	115,860,767
11	Utility Plant Adjustments (116)	122		
12	Gas Stored Underground-Noncurrent (117)			
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)	461	8,436	8,436
15	(Less) Accum. Prov. for Depr. and Amort. (122)		-	-
16	Investments in Associated Company (123)	224-225	-	-
17	Investment in Subsidiary Companies (123.1)	224-225	1,841,083	2,239,013
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)		-	-
19	Noncurrent Portion of Allowances	228-229		
20	Other Investments (124-128, 171)		5,752,219	5,746,180
21	Special Funds		-	-
22	TOTAL Other Property and Investments (Total of lines 14 through 20)		7,601,738	7,993,629
23	CURRENT AND ACCRUED ASSETS			
24	Cash (131)		479,283	652,745
25	Special Deposits (132-133)		3,183,372	3,257,814
26	Working Funds (135)		18,500	39,100
27	Temporary Cash Investments (136)		-	-
28	Notes Receivable (141)		357,062	298,411
29	Customer Accounts Receivable (142)		9,426,799	12,840,862
30	Other Accounts Receivable (143)		122,593	236,599
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		(198,204)	(216,748)
32	Notes Receivable from Associated Companies (145)		-	-
33	Accounts Receivable from Assoc. Companies (146)		11,351,417	12,872,618
34	Fuel Stock (151)	227	-	-
35	Fuel Stock Expense Undistributed (152)	227	-	-
36	Residuals (Elec) and Extracted Products (Gas) (153)	227	-	-
37	Plant Material and Operating Supplies (154)	227	1,089,291	1,442,448
38	Merchandise (155)	227	295,368	421,892
39	Other Material and Supplies (156)	227	-	-
40	Nuclear Materials Held for Sale (157)	202-203/227	-	-
41	Allowances (158.1 and 158.2)	228-229	-	-
42	(Less) Noncurrent Portion of Allowances	228-229	-	-
43	Stores Expenses Undistributed (163)		-	-
44	Gas Stored Underground - Current (164.1)		-	-
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		-	-
46	Prepayments (165)		3,165,217	950,750
47	Advances for Gas (166-167)		-	-
48	Interest and Dividends Receivable		-	-
49	Rents Receivable (172)		-	-
50	Accrued Utility Revenues (173)		1,882,080	1,510,318
51	Miscellaneous Current and Accrued Assets (174)		-	-
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 through 51)		\$31,172,778	\$34,306,809

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS, cont.)				
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
53	DEFERRED DEBITS			
54	Unamortized Debt Expense (181)		\$1,962,360	\$1,880,040
55	Extraordinary Property Losses (182.1)		-	-
56	Unrecovered Plant and Regulatory Study Costs (182.2)		-	-
57	Other Regulatory Assets (182.3)		9,713,454	9,319,979
58	Prelim. Survey and Investigation Charges (Electric) (183)		-	-
59	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)		-	-
60	Clearing Accounts (184)		-	-
61	Temporary Facilities (185)		10,005	21,285
62	Miscellaneous Deferred Debits (186)	233	6,646,130	6,548,936
63	Def. Losses from Disposition of Utility Plant. (187)		-	-
64	Research, Devel. and Demonstration Expend. (188)	352-353	-	-
65	Unamortized Loss on Reacquired Debt (189)		245,309	227,025
66	Accumulated Deferred Income Taxes (190)	234	2,460,212	3,877,356
67	Unrecovered Purchased Gas Costs (191)	233	1,683,121	4,527,745
68	0			
69	TOTAL Deferred Debits (Enter Total of lines 54 through 67)		22,720,591	26,402,366
70	TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)		172,967,772	184,563,571

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	\$6,737,909	\$9,229,514
3	Preferred Stock Issued (204)	250-251	600,000	600,000
4	Capital Stock Subscribed (202, 205)		-	-
5	Stock Liability for Conversion (203, 206)		-	-
6	Premium on Capital Stock (207)		7,672,004	5,373,461
7	Other Paid-In Capital (208-211)	253	1,462,592	1,052,761
8	Installments Received on Capital Stock (212)		-	-
9	(Less) Discount on Capital Stock (213)		-	-
10	(Less) Capital Stock Expense (214)		(428,441)	(428,441)
11	Retained Earnings (215, 215.1, 216)	118-119	30,017,597	31,396,084
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	1,831,083	2,229,013
13	(Less) Reacquired Capital Stock (217)	250-251	(4,210,700)	(3,349,120)
14	TOTAL Proprietary Capital (Enter Total of lines 2 through 13)		43,682,044	46,103,272
15	LONG-TERM DEBT			
16	Bonds (221)	256-257	52,500,000	52,500,000
17	(Less) Reacquired Bonds (222)	256-257	-	-
18	Advances from Associated Companies (223)	256-257	-	-
19	Other Long-Term Debt (224)	256-257	-	-
20	Unamortized Premium on Long-Term Debt (225)		-	-
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)		-	-
22	TOTAL Long-Term Debt (Enter Total of lines 16 through 21)		52,500,000	52,500,000
23	OTHER NONCURRENT LIABILITIES			
24	Obligations Under Capital Leases - Noncurrent (227)		-	-
25	Accumulated Provision for Property Insurance (228.1)		1,538,088	1,536,145
26	Accumulated Provision for Injuries and Damages (228.2)		363,547	296,132
27	Accumulated Provision for Pensions and Benefits (228.3)		1,756,814	2,662,982
28	Accumulated Miscellaneous Operating Provisions (228.4)		-	-
29	Accumulated Provision for Rate Refunds (229)		-	700,000
30	TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 through 29)		3,658,449	5,195,259
31	CURRENT AND ACCRUED LIABILITIES			
32	Notes Payable (231)		5,825,000	9,558,000
33	Accounts Payable (232)		9,861,359	13,165,663
34	Notes Payable to Associated Companies (233)		-	-
35	Accounts Payable to Associated Companies (234)		-	-
36	Customer Deposits (235)		6,329,898	7,453,496
37	Taxes Accrued (236)	262-263	1,643,215	586,155
38	Interest Accrued (237)		967,176	1,011,667
39	Dividends Declared (238)		599,628	623,174
40	Matured Long-Term Debt (239)		-	-
41	Matured Interest (240)		-	-
42	Tax Collections Payable (241)		1,613,927	977,939
43	Miscellaneous Current and Accrued Liabilities (242)		1,138,521	1,200,053
44	Obligations Under Capital Leases-Current (243)		-	-
45	TOTAL Current and Accrued Liabilities (Enter Total of lines 32 through 44)		\$27,978,724	\$34,576,147

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS, continued)

Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
46	DEFERRED CREDITS			
47	Customer Advances for Construction (252)		1,340,184	1,830,828
48	Accumulated Deferred Investment Tax Credits (255)	266-267	489,287	410,109
49	Deferred Gains from Disposition of Utility Plant (256)		0	0
50	Other Deferred Credits (253)	269	15,811,832	15,421,746
51	Other Regulatory Liabilities (254)	278	8,936,568	9,247,234
52	Unamortized Gain on Reacquired Debt (257)	269	0	0
53	Accumulated Deferred Income Taxes (281-283)	272-277	18,440,131	19,278,976
54	TOTAL Deferred Credits (Enter Total of lines 47 through 53)		45,018,002	46,188,893
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72	TOTAL Liabilities and Other Credits (Enter Total of lines 14,22,30 and 53)		\$172,837,219	\$184,563,571

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 02 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.

3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

4. Use page 122-123 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year ©	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$116,544,008	\$98,871,907
3	Operating Expenses			
4	Operation Expenses (401)	320-323	88,583,224	75,158,363
5	Maintenance Expenses (402)	320-323	3,208,695	2,603,769
6	Depreciation Expense (403)	336-337	5,091,584	4,885,458
7	Amort. & Depl. of Utility Plant (404-405)	336-337	1,523,029	452,069
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	31,056	2,868
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	-
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		-	-
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)	262-263	8,555,986	7,438,309
14	Income Taxes - Federal (409.1)	262-263	1,918,488	(505,093)
15	- Other (409.1)	262-263	328,317	(86,292)
16	Provision for Deferred Inc. Taxes (410.1) *	234,272-277	(218,458)	2,079,942
17	(Less) Provision for Deferred Income Taxes-Cr.(411.1)	234,272-277	-	-
18	Investment Tax Credit Adj. - Net (411.4)	266	(79,178)	(80,740)
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
	TOTAL Utility Operating Expenses (Total of lines 4-22)		108,942,743	91,948,653
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 117, line 25)		\$7,601,265	\$6,923,254
	* Excludes Common			

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY - WATER		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
\$47,449,558	\$42,909,848	\$69,094,450	\$55,962,059	\$0	\$0	2
						3
35,425,590	32,088,989	53,157,634	43,069,374	0	0	4
2,044,133	1,646,944	1,164,562	956,825	-	-	5
2,520,504	2,420,133	2,571,080	2,465,325	-	-	6
-	-	1,523,029	452,069	-	-	7
-	-	31,056	2,868	-	-	8
-	-	-	-	-	-	9
-	-	-	-	-	-	10
-	-	-	-	-	-	11
-	-	-	-	-	-	12
3,957,574	3,401,046	4,598,412	4,037,263	-	-	13
1,511,556	(289,371)	406,932	(215,722)	-	-	14
258,739	(49,486)	69,578	(36,806)	-	-	15
(1,068,870)	943,268	850,412	1,136,674	-	-	16
-	-	-	-	-	-	17
(34,988)	(39,728)	(44,190)	(41,012)	-	-	18
-	-	-	-	-	-	19
-	-	-	-	-	-	20
-	-	-	-	-	-	21
-	-	-	-	-	-	22
44,614,238	40,121,795	64,328,505	51,826,858	0	0	23
\$2,835,320	\$2,788,053	\$4,765,945	\$4,135,201	\$0	\$0	24

STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	Account	Ref. Page No.	TOTAL	
			Current Year	Previous Year
25	Net Utility Operating Income (Carried forward from page 114)	--	7,601,265	6,923,254
26	Other Income and Deductions			
27	Other Income	--		
28	Nonutility Operating Income	--		
29	Revenues From Merchandising, Jobbing and Contract Work (415)	--	3,857,066	2,932,237
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	--	(3,987,313)	(2,886,958)
31	Revenues From Nonutility Operations (417)	--	-	-
32	(Less) Expenses of Nonutility Operations (417.1)	--	-	-
33	Nonoperating Rental Income (418)	--	893	2,061
34	Equity in Earnings of Subsidiary Companies (418.1)	119	397,930	278,012
35	Interest and Dividend Income (419)	--	375,077	351,194
36	Allowance for Other Funds Used During Construction (419.1)	--	-	-
37	Miscellaneous Nonoperating Income (421)	*	190,705	251,039
38	Gain on Disposition of Property (421.1)	--	-	-
39	TOTAL Other Income (Enter Total of lines 29 through 38)	--	834,358	927,585
40	Other Income Deductions	--		
41	Loss on Disposition of Property (421.2)	--	-	-
42	Miscellaneous Amortization (425)	340	-	-
43	Miscellaneous Income Deductions (426.1-426.5)	463	29,358	(19,956)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		29,358	(19,956)
45	Taxes Applic. to Other Income and Deductions	--		
46	Taxes Other Than Income Taxes (408.2)	262-263	-	-
47	Income Taxes - Federal (409.2)	262-263	174,244	127,606
48	Income Taxes - Other (409.2)	262-263	30,835	21,905
49	Provision for Deferred Income Taxes (410.2)	234,272-277	(112,296)	(77,590)
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-277	-	-
51	Investment Tax Credit Adj.- Net (411.5)	--	-	-
52	(Less) Investment Tax Credits (420)	--	-	-
53	TOTAL Taxes on Other Inc. and Ded. (Enter Total of 46 through 52)	--	92,783	71,921
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)	--	712,217	875,620
55	Interest Charges			
56	Interest on Long-Term Debt (427)	--	3,948,550	3,948,550
57	Amortization of Debt Disc. and Expense (428)	--	100,605	102,356
58	Amortization of Loss on Reacquired Debt (428.1)	--	-	-
59	(Less) Amort. of Premium on Debt - Credit (429)	--	-	-
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	--	-	-
61	Interest on Debt to Assoc. Companies (430)	340	(499,439)	(253,469)
62	Other Interest Expense (431)	340	515,955	407,721
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	--	-	-
64	Net Interest Charges (Total of lines 56 through 63)	--	4,065,671	4,205,158
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)	--	4,247,811	3,593,716
66	Extraordinary Items			
67	Extraordinary Income (434) Cum.	--	-	-
68	(Less) Extraordinary Deductions (435)	--	-	-
69	Net Extraordinary Items (Enter Total of line 67 less line 68)	--	-	-
70	Income Taxes - Federal and Other (409.3)	262-263	-	-
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)	--	-	-
72	Net Income (Enter Total of lines 65 and 71)		4,247,811	3,593,716
	Earnings Per Share		0.71	0.60

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.

2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.

4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.

5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.

7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.

8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount ©
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		\$30,017,597
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		-
5	Credit:		-
6	Credit:		-
7	Credit:		-
8	Credit:		-
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		-
10	Debit:		-
11	Debit:		-
12	Debit:		-
13	Debit:		-
14	Debit:		-
15	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14)		-
16	Balance Transferred from Income (Account 433 less Account 418.1)		3,849,881
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		-
22	(Enter Total of lines 18 through 21)		
23	Dividends Declared - Preferred Stock (Account 437)		
24	Preferred	2380	28,500
25			
26			
27			
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		
29	(Enter Total of lines 24 through 28)		28,500
30	Dividends Declared - Common Stock (Account 438)		
31	Common - Cash	2380	2,442,894
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 35)		2,442,894
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		-
38	Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36 and 37)		\$31,396,084

STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)

Line No.	Item (a)	Amount (b)
	APPROPRIATED RETAINED EARNINGS (Account 215)	
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.	
39		
40		
41		
42		
43		
44		
45	TOTAL Appropriated Retained Earnings (Account 215)	
	APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal	
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.	
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	
47	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)	
48	TOTAL Retained Earnings (Account 215, 215.1, 216)	\$31,396,084
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)	
49	Balance - Beginning of Year (Debit or Credit)	1,831,083
50	Equity in Earnings for Year (Credit) (Account 418.1)	397,930
51	(Less) Dividends Received (Debit)	0
52	Other Changes (Explain) Cost of shares issued for employee stock plan	
53	Balance - End of year (Total of Lines 49 Thru 52)	2,229,013

CONSOLIDATED STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 122-123. Information about noncash investing and financing activities should be provided on page 122-123. Provide also on page 122-123 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See Instruction No.5 for Explanation of Codes) (a)	Amounts (b)
1	Cash Flow from Operating Activities	
2	Net Income	4,247,813
3		
4		
5	Depreciation & Amortization	7,266,535
6	Deferred Income Taxes (Net)	(152,715)
7	Bad Debt Expense	358,606
8	Investment Tax Credit	(80,660)
9	Net Other non-cash charges to income	749,665
10	Comp. from issuance of Stock	57,827
11	Interest income for sale of Asset	(191,860)
12	Receivables	(4,350,323)
13	Unbilled Receivables	366,751
14	Inventory	(495,300)
15	Other	272,270
16	Payables and Accrued Expenses	5,400,141
17	Non cash Storm Reserve Transfer	(1,943)
18	Over/(under) Recovery of Energy Cost	(3,171,321)
19	Area Expansion Program Deferred Costs	109,185
20	Environmental Liabilities	429,348
21	Storm Reserve Liability	(35,873)
22	Deferred Credits	(565,252)
23		
24	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 26)	10,212,894
25		
26		
27		
28	Cash Flow from Investing Activities	
29	Construction Expenditure	(12,441,424)
30	Acquisition of Plant Assets	-
31	Customer Advances for Construction	453,723
32	Purchase of Long-Term Investments	(74,442)
33	Payment on Sale of Plant Assets	304,250
34		
35	Cash Outflows for Plant (Total of lines 29 through 33)	(11,757,893)
36		
37		
38		
39		
40		
41		
42		

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities

5. Codes used:

Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122-123.

Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122-123.

- (a) Net proceeds or payments
 (b) Bonds, debentures and other long-term debt.
 (c) Include commercial paper
 (d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on page 122-123 clarifications and explanations.

Line No.	Description (See Instruction No.5 for Explanation of Codes) (a)	Amounts (b)
43		
44	Net Cash Provided by (Used in) Investing Activities	(11,757,893)
45		
46		
47	Cash Flows From Financing Activities:	
48		
49	Short Term Borrowing	3,733,000
50	Long Term Borrowing	-
51	Dividend Reinvesting Plan	193,062
52	ESSP Activity	(1,114,068)
53	Compensation Expense from the Issuance of Stock	(57,827)
54	Treasury Stock Purchased	1,435,263
55	Dividends Paid	(2,447,850)
56	Purchase of Treasury	-
57		
58	Net Cash Provided by (Used in) Financing Activities	1,741,580
59		
60		
61		
62		
63		
64		
65		
66		
67		
68		
69		
70		
71		
72		
73		
74		
75		
76	Net Increase (Decrease) in Cash and Cash Equivalents	196,581
77	(Total of lines 24, 44, and 58)	
78		
79	Cash and Cash Equivalents at Beginning of Year	498,533
80		
81	Cash and Cash Equivalents at End of Year	695,114

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the note: according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such , debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be attached hereto

SEE ATTACHED 10K SUPPLEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting and Reporting Policies

A. General

The Company is an operating public utility engaged principally in the purchase, transmission, distribution and sale of electricity and in the purchase, transmission, distribution, sale and transportation of natural gas. The Company is subject to the jurisdiction of the FPSC with respect to its natural gas and electric operations. The suppliers of electric power to the Northwest Florida division and of natural gas to the natural gas divisions are subject to the jurisdiction of the FERC. The Northeast Florida division is supplied most of its electric power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary.

B. Basis of Presentation

The consolidated financial statements include the accounts of Florida Public Utilities Company (FPU) and its wholly owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated. The Company's accounting policies and practices conform to accounting principles generally accepted in the United States of America as applied to regulated public utilities and are in accordance with the accounting requirements and rate-making practices of the FPSC and in accordance to the rule requirements of the Securities and Exchange Commission (SEC).

C. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of these estimates include the liability reserves, unbilled revenue, regulatory deferred tax liabilities and over-earnings liability. Actual results may differ from these estimates and assumptions.

D. Reclassifications

Certain amounts in the prior years' financial statements have been reclassified to conform to the 2005 presentation.

E. Regulation

The financial statements are prepared in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 71 – "Accounting for the Effects of Certain Types of Regulation". SFAS No. 71 recognizes that accounting for rate-regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. A regulated utility may defer recognition of a cost (a regulatory asset) or show recognition of an obligation (a regulatory liability) if it is probable that, through the ratemaking process, there will be a corresponding increase or decrease in revenues. The Company has recognized certain regulatory assets and liabilities in the consolidated balance sheets. The Company believes that the FPSC will continue to allow recovery of

such items through rates. In the event that a portion of the Company's operations are no longer subject to the provisions of SFAS No. 71, the Company would be required to write-off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, the Company would be required to determine if an impairment related to other assets exists, including plant, and write-down the assets, if impaired, to their fair value.

Summary of Regulatory Assets and Liabilities
(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Assets		
Deferred development costs (1)	\$4,190	\$4,299
Environmental assets (2)	8,868	9,297
Storm Reserve assets (3)	452	416
Unamortized Rate Case expense	541	704
Under recovery of fuel costs	3,375	274
Unamortized piping and conversion costs (1)	1,587	1,449
Unamortized loss on reacquired debt (1)	227	245
Total Regulatory Assets	\$19,240	\$16,684
Liabilities		
Tax liabilities	\$991	\$1,113
Cost of removal	8,256	7,824
Storm reserve liabilities	1,536	1,538
Over recovery of conservation	24	94
Over-earnings liability (4)	700	-
Total Regulatory Liabilities	\$11,507	\$10,569

- (1) Deferred development costs, unamortized piping and conversion costs, and unamortized loss on reacquired debt are included in deferred charges in the consolidated balance sheets.
- (2) The Company has reclassified the amount due from customers as a regulatory asset for environmental costs. This was authorized by the FPSC in their most recent natural gas rate proceeding and will be recovered over 20 years.
- (3) The Company has been authorized by the FPSC recovery of Storm damages incurred in 2004 in their natural gas operations and will recover those costs from customers over 30 months beginning November 2005.
- (4) The Company has estimated over-earnings in 2005 for regulated natural gas operations of \$700,000 and recorded this liability and reduction to revenues. The FPSC determines the disposition of over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency.

The base revenues rates for regulated segments are determined by the FPSC and remain constant until a request for an increase is filed and approved by the FPSC. For the Company to recover the effects of inflation and construction expenditures for regulated segments, a request for an increase in base revenues would be required with the filing of two separate rate cases, electric and natural gas. In 2003 the Company successfully filed for electric rate increases and petitioned to consolidate the two electric "entities" into one entity. In 2004 the Company successfully filed for a natural gas rate increase.

F. Derivatives

None of the Company's gas or electric contracts are accounted for using the fair value method of accounting. All material contracts that meet the definition of possible derivative instruments are considered "normal purchases and sales" under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities".

G. Revenue Recognition

The Company's revenues include base revenues, fuel adjustment charges, conservation charges and the pass-through of certain governmental imposed taxes based on revenues. Specific revenues are collected from separate FPSC approved rates that allow direct recovery of expenses from the Company's customers for fuel, conservation, and revenue based taxes. Any over or under recovery of these expense items are deferred and subsequently refunded or collected in the following period.

The Company bills utility customers on a monthly cycle basis; however, the billing cycle periods for most customers do not coincide with the accounting periods used for financial reporting. The Company accrues estimated revenue for gas and electric customers on usage not yet billed for the accounting period. Determination of unbilled revenue relies on the use of estimates, fuel purchases and historical data.

The FPSC approves rates that are intended to permit a specified rate of return on investment and limits the maximum amount of earnings of regulated operations. Any earnings in excess of this maximum amount, is accrued for as an over-earnings liability, and revenues are reduced for this same amount. The calculations supporting these liabilities are complex and involve a variety of projections and estimates before the ultimate settlement of such obligations. The FPSC determines the disposition of any over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency.

H. Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts based on historical information and trended current economic conditions. The following is a summary of the activity in Allowance for Doubtful Accounts for the years ending December 31:

Allowance for Doubtful Accounts				
	Balance at Beginning of Year	Write-offs	Provisions to Bad Debt Expense	Balance at End of Year
2003	\$ 304,000	301,000	177,000	\$ 180,000
2004	\$ 180,000	320,000	409,000	\$ 269,000
2005	\$ 269,000	292,000	295,000	\$ 272,000

I. Utility Plant and Depreciation

Utility plant is stated at original cost. Propane utility plant that has been acquired in acquisitions is stated at fair market value at the time of each acquisition. Additions to utility plant include contracted services, direct labor,

transportation and materials for additions. Units of property are removed from utility plant when retired. Maintenance and repairs of property and replacement and renewal of items determined not to be units of property are charged to operating expenses. Substantially all of the utility plant and the shares of Flo-Gas Corporation collateralize the Company's First Mortgage Bonds. See Note 2 for additional information relating to the acquisition adjustment.

Utility Plant		
(Dollars in thousands)		
Plant Classification	2005	2004
Land	\$ 1,124	\$ 1,133
Buildings	6,862	6,667
Distribution	147,580	138,159
Transmission	6,799	6,390
Equipment	11,534	10,071
Furniture and Fixtures	369	403
Work-in-Progress	5,010	7,774
	<u>\$ 179,278</u>	<u>\$ 170,597</u>

Depreciation for the Company's regulated segments is computed using the composite straight-line method at rates prescribed by the FPSC for financial accounting purposes. Propane depreciation is computed using a composite straight-line method at an average rate based on estimated average life of approximately 20-30 years. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.9% in 2005, 3.6% in 2004, and 3.4% in 2003

J. Impact of Recent Accounting Standards

Financial Accounting Standard No. 154

In May 2005, the Financial Accounting Standards Board (FASB) issued Statement No. 154, "Accounting Changes and Error Corrections". This Statement applies to all voluntary changes in accounting principle and requires retrospective application to prior period financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effects of the change. This Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company expects to adopt SFAS No. 154 effective January 1, 2006. The Company does not believe adoption of this statement will have a material impact on our financial condition or results of operation.

Financial Accounting Standard Board Interpretation No. 47

In March 2005, the FASB issued Interpretation No. 47, "An Interpretation of FASB Statement No. 143". FASB Statement No. 143, "Accounting for Asset Retirement Obligations", requires that the fair value of an asset retirement obligation be recognized at the time those obligations are incurred. Upon initial recognition of a legal liability, costs are capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. SFAS No. 143 also requires that components of previously recorded depreciation related to

the cost of removal of assets upon retirement, whether legal asset retirement obligations or not, be removed from a company's accumulated depreciation reserve. The Company adopted the provisions of the Statement as of January 1, 2003, as prescribed by the FPSC. Under FPSC guidelines, the estimated cost of removal expenses for normal retirements related to regulated fixed assets were reserved through the depreciation expense and accumulated reserves. This was disclosed in a footnote until December 31, 2003, when the estimated cost of removal from accumulated depreciation was reclassified to a regulatory liability for the obligation.

This Interpretation addresses the legal obligation to retire an asset when the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the Company. This Interpretation is effective no later than the end of fiscal years ending after December 15, 2005 (December 31, 2005 for calendar-year entities). The Company has determined that the adoption of this interpretation will not have a material impact on its financial condition or results of operation. The Company expects to adopt Interpretation No. 47 effective January 1, 2006.

Financial Accounting Standard No. 123R

In December 2004, the FASB issued SFAS No. 123R (revised 2004), "Share-Based Payment". This revised statement is effective for the first interim or annual reporting period that begins after June 15, 2005. This Statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. However, during the first quarter of 2005, the Securities and Exchange Commission approved a new rule, Staff Accounting Bulletin 107, that delays the adoption of this standard to the beginning of the next fiscal year, instead of the next reporting period that begins after June 15, 2005. The rule does not change the accounting required by Statement No. 123(R).

In October 2005, FASB issued Staff Position (FSP) No. 123 (R)-2 that provides guidance on the application of grant date as defined in FASB Statement No. 123 (revised 2004), Share-Based Payment.

The Company began recording compensation expense relating to the employee stock purchase plan in compliance with SFAS 123 in the first quarter of 2004. The Company does not feel that the adoption of these revisions will result in any material change to its financial statements and current method of reporting stock based transactions. The 2005 expense was \$61,000.

2. Goodwill and Intangible Assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", the Company does not amortize goodwill or intangibles with indefinite lives. The Company periodically tests the applicable reporting segments, natural gas and propane gas, for impairment. In the event a segment becomes impaired, the Company would write down the associated goodwill and intangible assets to fair value. The impairment tests performed in 2004 and 2005 showed no impairment for either reporting segment.

Goodwill associated with the Company's acquisitions is identified as a separate line item on the consolidated balance sheet and consists of \$500,000 in the natural gas segment and \$1.9 million in the propane gas segment.

The Company requested approval from the FPSC to include the goodwill and intangible assets associated with the acquisition of Atlantic Utilities in the rate base (regulated investment). In October 2004 the portion included in goodwill that represented the difference between fair market value of the assets acquired and the original cost was approved for recovery as an acquisition adjustment. This acquisition adjustment amounted to approximately \$1.0 million and was reclassified from goodwill to an acquisition adjustment included in Property, Plant and Equipment in the fourth quarter of 2004.

Intangible assets associated with the Company's acquisitions and software have been identified as a separate line item on the balance sheet. Summaries of those intangible assets at December 31 are as follows:

Intangible Assets (Dollars in thousands)		<u>2005</u>	<u>2004</u>
Customer distribution rights	(Indefinite life)	\$ 1,900	\$ 1,900
Customer relationships	(Indefinite life)	900	900
Software	(Five to nine year life)	2,971	2,751
Non-compete agreement	(Five year life)	35	35
Accumulated amortization		(1,415)	(1,240)
Total intangible assets, net of amortization		<u>\$ 4,391</u>	<u>\$ 4,346</u>

The 2005 amortization expense of computer software is approximately \$245,000. The Company expects the amortization expense of computer software to be approximately \$300,000 annually over the next five years, with the current level of software investment.

3. Discontinued Operations

Water Service

In 2003, the Company sold the assets of its water utility system. The fair value of the consideration was approximately \$25.0 million. The City of Fernandina Beach (City) paid \$19.2 million in cash at closing and agreed to pay future consideration of approximately \$7.4 million in variable annual installments until February 15, 2010. The present value of the remaining balance of the long-term water receivable is \$6.0 million using a discount rate of 4.34% at December 31, 2005. The current portion of the long-term receivable is classified in notes receivable, and the remaining is classified in long-term receivables and other investments on our balance sheet. The gain on the disposal of discontinued operations, including the income from discontinued operations for 2003 was \$15.9 million or \$9.9 million after income tax.

**Estimated Annual Future Value of Consideration Due from the City
As of December 31, 2005**

(Dollars in thousands)	Estimated Timing of Payments	Present Value of Water Receivable
2006	\$ 300	\$ 299
2007	300	286
2008	300	274
2009	300	263
2010	5,855	4,913
Total	\$ 7,055	\$ 6,035

Results of Discontinued Operations

Year ended December 31, 2003

Results of Water Division

(Dollars in thousands)	2003
Revenues	\$ 679
Gross profit	651
Income from discontinued operations before income taxes	149
Income taxes	(16)
Income from discontinued operations before gain	\$ 133

4. Over-earnings-Natural Gas

The FPSC approves rates that are intended to permit a specified rate of return on investment and limits the maximum amount of earnings of regulated operations. The Company has agreed with the FPSC staff to limit the earned return on equity for regulated natural gas and electric operations.

The Company has estimated over-earnings in 2005 for regulated natural gas operations of \$700,000. This liability has been included in over-earnings liability on the Company's balance sheet. The calculations supporting these liabilities are complex and involve a variety of projections and estimates before the ultimate settlement of such obligations. The Company feels the 2005 estimate of the over-earnings liabilities is accurate, but it could change upon the FPSC finalization and review of earnings.

The FPSC determines the disposition of over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency. Recently, the FPSC ordered 2002 natural gas over-earnings of approximately \$118,000 to be added to the Company's "regulatory liability – storm reserve" to cover future storm costs. Finalization of the disposition and determination of the amount of 2005 natural gas over-earnings is expected in 2006.

5. Storm Reserves

As of December 31, 2005, the electric storm reserve was approximately \$1.5 million. Since the last order on the 1999 electric disposition of over-earnings, the FPSC has allowed the Company the automatic flexibility of applying the electric over-earnings to the storm damage reserves each year since 1999 and allowing additional storm damage accruals up to a cap of \$2.9 million in the electric divisions. In 2005, 2004 and 2003 there were no electric over-earnings and accordingly no additional amounts were applied to the storm damage reserves.

In October 2005, the FPSC approved recovery of 2004 natural gas storm costs plus interest and revenue taxes over a 30-month period beginning November 2005. The Company deferred storm costs as a regulatory asset due from customers on the balance sheet. As of December 31, 2005, the amount of natural gas regulatory asset relating to storm was \$452,000.

In 2005, the FPSC approved applying 2002 natural gas over-earnings of \$118,000 to the storm reserve to cover future storm costs. This is included as part of the "regulatory liability – storm reserve" on the balance sheet.

6. Income Taxes

Deferred income taxes are provided on all significant temporary differences between the financial statements and tax basis of assets and liabilities at currently enacted tax rates. Investment tax credits have been deferred and are amortized based upon the average useful life of the related property in accordance with the rate treatment.

A. Income Taxes related to Deferred Gain on Water Sale

On March 27, 2003, the Company sold substantially all of its assets of the water division to the City of Fernandina Beach. The sale was made pursuant to a "threat of condemnation" during the fourth quarter of 2002. For tax purposes the Company elected to defer the gain on the sale of the assets pursuant to Code Section 1033 of the Internal Revenue Code of 1986 (IRC). Section 1033 allows non-recognition of gain if property is disposed as a result of threat of condemnation and property that is similar or related in service or use is purchased to replace the disposed property. To qualify, the replacement property must be purchased within the replacement period, which begins on the earlier of date of disposition (March 27, 2003) or date of threat of condemnation (December 31, 2002) and ending two years after the close of the year of sale (December 31, 2005). For real property, the replacement period is extended to three years (December 31, 2006).

The Company intends to purchase property that is similar or related in service or use within the replacement periods with the exception of the intangible assets. During the Company's recent IRS audit, the IRS disallowed a portion, approximately \$900,000 of the deferral relating to the intangible assets, since replacement was no longer expected.

A \$2.9 million estimated tax payment made in 2003 related to the gain on the sale of the water division. It was subsequently determined that the income tax would be deferred (see Note 3 – "Discontinued Operations"). The Company applied for a refund and received \$3.9 million in July 2004, which included other estimated tax overpayments.

B. Provision for Income Taxes

The provision (benefit) for income taxes consists of the following:

(Dollars in thousands)	Years ended December 31,		
	2005	2004	2003
Current payable			
Federal	\$ 2,150	\$ (566)	\$ (1,007)
State	370	(96)	(174)

	<u>2,520</u>	<u>(662)</u>	<u>(1,181)</u>
Deferred			
Federal	(143)	2,003	2,070
State	<u>(9)</u>	<u>358</u>	<u>375</u>
	<u>(152)</u>	<u>2,361</u>	<u>2,445</u>
Investment tax credit	<u>(81)</u>	<u>(84)</u>	<u>(97)</u>
Income taxes – continuing operations	<u>2,287</u>	<u>1,615</u>	<u>1,167</u>
Income taxes – discontinued operations	<u>-</u>	<u>-</u>	<u>5,971</u>
Total	<u>\$ 2,287</u>	<u>\$ 1,615</u>	<u>\$ 7,138</u>

C. Effective Tax Rate Reconciliation

The difference between the effective income tax rate and the statutory federal income tax rate applied to pretax income is of continuing operations accounted for as follows:

(Dollars in thousands)	Years ended December 31,		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Federal income tax at statutory rate (34%)	\$ 2,222	\$ 1,771	\$ 1,254
State income tax, net of federal benefit (5.5%)	237	189	134
Investment tax credit	(81)	(84)	(97)
Tax exempt interest	(71)	(94)	(71)
Other	<u>(20)</u>	<u>(167)</u>	<u>(53)</u>
Total provision for income taxes from continuing operations	<u>\$ 2,287</u>	<u>\$ 1,615</u>	<u>\$ 1,167</u>

D. Deferred Income Taxes

The tax effects of temporary differences producing deferred income taxes in the accompanying consolidated balance sheets are as follows:

(Dollars in thousands)	Years ended December 31,	
	<u>2005</u>	<u>2004</u>
Deferred tax assets:		
Environmental	\$ 1,932	\$ 1,766
Self insurance	731	661
Storm reserve liability	408	-
Vacation Pay	320	303
Other deferred credits	61	105
Alternative minimum tax	-	208
Allowance for uncollectible accounts receivable	103	102
General liability	111	-
Rate refund	263	-
Pension	286	-
Other	<u>46</u>	<u>76</u>
Total deferred tax assets	<u>\$ 4,261</u>	<u>\$ 3,221</u>
Deferred tax liabilities:		
Utility plant related	\$ 20,319	\$ 19,756
Deductible intangibles	577	408

Under recovery of fuel costs	1,704	634
General liability	-	187
Storm reserve liability	-	328
Pension	-	181
Rate case expense	204	265
Loss on reacquired debt	85	85
Other	6	42
Total deferred tax liabilities	<u>\$ 22,895</u>	<u>\$ 21,886</u>
Net deferred income taxes	<u>\$ 18,634</u>	<u>\$ 18,665</u>

Deferred tax liabilities included in the consolidated balance sheets are as follows:

(Dollars in thousands)	<u>2005</u>	<u>2004</u>
Deferred income tax – current	\$ 1,066	\$ 241
Deferred income tax – long term	17,568	18,424
Net deferred income tax liability	<u>\$ 18,634</u>	<u>\$ 18,665</u>

E. IRS Audit

The IRS completed an audit in 2005 of the Company's 2002 and 2003 federal income tax returns. The audit resulted in a current income tax payable amount \$361,000 due to adjustments to depreciation, reserve accounts and recognition of a portion of the water sale gain that was previously deferred. This amount was partially offset by \$285,000 in deferred tax liabilities previously established.

7. Capitalization

A. Stock Dividend

On July 25, 2005 a three-for-two stock split in the form of a stock dividend was issued to the shareholders of record on July 15, 2005. All common share information has been restated to reflect the stock split for all periods presented.

B. Common Shares Reserved

The Company has reserved the following common shares for issuance as of December 31, 2005:

Dividend Reinvestment Plan	68,043
Employee Stock Purchase Plan	77,690
Board Compensation Plan	23,704
Common Stock	3,847,324

C. Preferred Stock

The Company has 6,000 shares of 4 ¾% Series A preferred stock \$100 par value authorized for issuance of which 6,000 were issued and outstanding at December 31, 2005. The Company also has 5,000, 4 ¾% Series B preferred stock \$100 par value authorized for issuance none of which has been issued. The annual dividend rate for the preferred stock is 4.75%.

The Company also has 32,500, \$1.12 Convertible Preference stock, \$20 par value and \$22 redemption price, authorized for issuance none of which has been issued.

D. Dividend Restriction

The Company's Fifteenth Supplemental Indenture of Mortgage and Deed of Trust restricts the amount that is available for cash dividends. At December 31, 2005, approximately \$7.3 million of retained earnings were free of such restriction and therefore available for the payment of dividends. The line of credit agreement contains covenants that, if violated, could restrict or prevent the payment of dividends. At December 31, 2005 the Company is not in violation of these covenants.

E. Treasury Shares

Common shares resulting from stock dividends have been allocated to common shares held as treasury shares. Treasury shares are not eligible to receive such allocations. Some of these Treasury shares were subsequently reissued, resulting in an overstatement of additional paid in capital. Accordingly the Company has restated all periods presented to reflect the correct number of treasury shares and the value of treasury shares and additional paid in capital at each year-end. As the adjustment is a reallocation of amounts between treasury stock and additional paid in capital, there is no effect on net income, earnings per common share or total stockholders' equity in any period presented.

Statement of Capitalization Comparison

(Dollars in thousands)

Before Treasury Share Restatement	December 31,	
	2004	2003
Common Shareholders' Equity		
Common stock, \$1.50 par value, authorized 10,000,000 shares; issued 6,341,984 shares in 2004; 6,318,276 shares in 2003	\$ 9,513	\$ 9,477
Paid-in capital	6,062	5,744
Retained earnings	31,849	30,638
Treasury stock - at cost (417,128 shares in 2004, 443,860 shares in 2003)	(4,211)	(4,396)
Total common shareholders' equity	\$ 43,213	\$ 41,463

After Treasury Share Restatement	December 31,	
	2004	2003
Common Shareholders' Equity		
Common stock, \$1.50 par value, authorized 10,000,000 shares; issued 6,130,097 shares in 2004; 6,097,478 shares in 2003	\$ 9,195	\$ 9,146

Paid-in capital	5,806	5,632
Retained earnings	31,849	30,638
Treasury stock - at cost (205,241 shares in 2004, 223,062 shares in 2003)	(3,637)	(3,953)
Total common shareholders' equity	<u>\$ 43,213</u>	<u>\$ 41,463</u>

F. Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. The following table shows the number of shares issued under the Plan and the total aggregate consideration received:

<u>Year</u>	<u>Shares</u>	<u>Consideration</u>
2005	22,427	\$ 236,000
2004	24,164	\$ 220,000
2003	28,191	\$ 229,000

G. Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan is offered to all Company shareholders and allows the shareholder to reinvest dividends received and purchase additional shares without a fee. The following table shows the number of shares issued under the Plan and the total aggregate consideration received:

<u>Year</u>	<u>Shares</u>	<u>Consideration</u>
2005	14,456	\$ 193,000
2004	18,513	\$ 217,000
2003	20,757	\$ 213,000

8. Long-term Debt

The Company issued its Fourteenth Series of FPU's First Mortgage Bond on September 27, 2001 in the aggregate principal amount of \$15.0 million as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the annual rate of 6.85% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year beginning January 1, 2002.

The Company issued \$14.0 million of Palm Beach County municipal bonds (Industrial Development Revenue Bonds) on November 14, 2001 to finance development in the area. The interest rate on the thirty-year callable bonds is 4.90%. The bond proceeds were restricted and held in trust until construction expenditures were actually incurred by the Company. In 2002 the remaining \$8.0 million was drawn from the restricted funds held by the trustee.

In 1992, The Company issued its First Mortgage Bond 9.08% Series in the amount of \$8.0 million. The thirty-year bond is due in June 2022.

The Company issued two of its Twelfth Series First Mortgage bond series on May 1, 1988; the 9.57% Series due 2018 in the amount of \$10.0 million and 10.03% Series due 2018 in the amount of \$5.5 million. These two issuances require sinking fund payments of \$909,000 and \$500,000 respectively, beginning in 2008.

Long-term debt on the balance sheet has been reduced for unamortized debt discount. The unamortized debt discount at December 31 included in long-term debt on the balance sheet is \$1.9 million in 2005 and \$2.0 million in 2004.

Annual Maturities of Long-Term Debt

	Total	2006	2007	2008	2009	2010	2011 & Thereafter
Long-term Debt	\$50,620	(\$82)	(\$82)	\$1,327	\$1,327	\$1,327	\$46,803

9. Notes Payable

In 2004, FPU entered into an amended and restated loan agreement that allows the Company to increase the line of credit (LOC), upon 30 days notice by the Company, to a maximum of \$20.0 million and expires on June 30, 2007. The current outstanding balance on the LOC is \$9.6 million with a remaining current available LOC of \$2.4 million. Until April 1, 2003, the Company had a \$20.0 million line of credit, with interest at LIBOR plus fifty basis points. The Company reserves \$1.0 million of the LOC to cover expenses for any major storm repairs in its Northwest Florida division. An additional \$250,000 of the LOC is reserved for a 'letter of credit' insuring propane facilities.

The average interest rates for the line of credit were as follows as of December 31:

Year	Rate
2005	5.3%
2004	3.3%
2003	2.0%

10. Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for investments held in escrow for environmental costs, notes payable, taxes accrued and other accrued liabilities approximate fair value. As the older bonds contain 'make whole' provisions it would negate any fluctuation in interest rates. The fair value of long-term debt excluding the unamortized debt discount is estimated by discounting the future cash flows of each issuance at rates currently offered to the Company for similar debt instruments of comparable maturities. The values at December 31 are shown below.

	2005		2004	
	Carrying Amounts	Approximate Fair Value	Carrying Amounts	Approximate Fair Value
Long-term debt	\$ 52,500,000	\$63,000,000	\$52,500,000	\$ 63,800,000

11. Contingencies

Environmental

The Company is subject to federal and state legislation with respect to soil, groundwater and employee health and safety matters and to environmental regulations issued by the Florida Department of Environmental Protection (FDEP), the United States Environmental Protection Agency (EPA) and other federal and state agencies. Except as discussed below, the Company does not expect to incur

material future expenditures for compliance with existing environmental laws and regulations.

Site	Range From	Range To
West Palm Beach	\$ 10,183,000	\$ 15,183,000
Sanford	664,000	664,000
Pensacola and Other	129,500	129,500
Total	<u>\$ 10,976,500</u>	<u>\$ 15,976,500</u>

The Company currently has \$14.0 million reserved as an environmental liability. This amount was approved by the FPSC based on the above projections as a basis for rate recovery. The Company has recovered \$5.1 million from insurance and rate recovery. The balance of \$8.9 million is recorded as a regulatory asset. On October 18, 2004 the FPSC approved recovery of \$9.1 million for environmental liabilities (included on the balance sheet as "Other regulatory assets – environmental"). The amortization of this recovery and reduction to the regulatory asset began on January 1, 2005. The majority of environmental cash expenditures is expected to be incurred before 2010, but will continue for another 20-30 years.

West Palm Beach Site

The Company is currently evaluating remedial options to respond to environmental impacts to soil and groundwater at and in the immediate vicinity of a parcel of property owned by it in West Palm Beach, Florida upon which the Company previously operated a gasification plant. The Company entered into a Consent Order with the Florida Department of Environmental Protection (FDEP) effective April 8, 1991, that requires the Company to delineate the extent of soil and groundwater impacts associated with the prior operation of the gasification plant and to remediate such soil and groundwater impacts, if necessary. Numerous reports have been submitted by the Company to FDEP describing the results of soil and groundwater sampling conducted at the site. On November 29, 2005, the Company's consultant submitted a status report of additional sampling to FDEP, in which the consultant recommended that the Company be permitted to proceed with a feasibility study to evaluate appropriate remedies for the site. To date, FDEP has not responded to the status report.

Based on the likely acceptability of proven remedial technologies implemented at similar sites in other states, consulting and remediation costs to address the impacts now characterized at the West Palm Beach site are projected to range from \$10 million to \$15 million. This range of costs covers such remedies as in situ solidification, slurry wall and cap containment, air sparge and soil vapor extraction, or in situ chemical oxidation, or some combination of these remedies.

Prior to FDEP's approval of a final remedy for the site, we are unable to determine the complete extent or cost of remedial action, which may be required. Remediation costs (including attorneys' fees and costs) for this site are currently projected to range from \$10.2 million to \$15.2 million.

Sanford Site

The Company owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to the Company's acquisition of the property.

Following discovery of soil and groundwater impacts on the property, the Company has participated with four former owners and operators of the gasification plant in the funding of numerous investigations of the extent of the impacts and the identification of an appropriate remedy. On or about March 25, 1998, the Company executed an Administrative Order on Consent (AOC) with the four former owners and operators (Group) and the United States Environmental Protection Agency (EPA) that obligated the Group to implement a Remedial Investigation and Feasibility Study (RI/FS) task and to pay EPA's past and future oversight costs for the RI/FS. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998 (RI/FS Participation Agreement). These agreements governed the manner and means by which all parties were to satisfy their respective obligations under the AOC for the RI/FS task. The Company agreed to pay approximately 13.7% of the cost for the RI/FS. The Company's share of the cost of these tasks was previously paid in full. The RI/FS Participation Agreement was amended on September 18, 2003, to authorize an additional \$400,000 to be incurred by the Group to complete the ecological risk assessment and cover EPA oversight costs for the RI/FS. The Company paid its share (\$54,822) of the additional RI/FS funding in November 2003.

On July 5, 2000, EPA issued a Record of Decision (ROD) approving the final remedial action for contaminated soils at the site (OU1 Remedy). The initial estimated cost for the OU1 Remedy described in the ROD ranges from \$5.6 million to \$5.8 million. On June 12, 2001, EPA issued a ROD approving the final remedial action for contaminated groundwater at the site (OU2 Remedy). The present worth cost estimate for the OU2 Remedy is \$320,252.

The Company is a party to the Second Participation Agreement entered into by members of the Group on August 1, 2000, as amended through June 19, 2002 (RD/RA Participation Agreement). The RD/RA Participation Agreement provides for funding the remedial design/remedial action (RD/RA) task for OU1 and OU2. The Company's share of costs for implementation of the RD/RA task for OU1 and OU2, including the pre-remedial design fieldwork described below, is 10.5%, providing the total cost of the RD/RA task, including the pre-remedial design fieldwork, does not exceed \$6 million.

Based on the pre-remedial design field work performed in 2002-03, it is now anticipated that the final cost of the remedy for OU1 and OU2 will significantly exceed the \$6 million combined estimate provided in the RODs for OU1 and OU2. In 2002, the Company paid \$210,178 to the Escrow Agent pursuant to a first call for funds under the RD/RA Participation Agreement. The Company's remaining obligation under the RD/RA Participation Agreement is \$420,356. This assumes the Company's total allocated share remains no greater than 10.5089% of \$6 million, as currently set forth in the RD/RA Participation Agreement, as amended through June 19, 2002. The Company has notified Group members that the Company will oppose any effort by the Group to increase The Company's share of total RD/RA costs above 10.5089% of the current \$6 million cap, since the increased cost is due to the discovery of additional impacted soils on property not owned by the Company.

In addition, the Company will be obligated to pay for a share of EPA's oversight costs for the RD/RA task for OU1 and OU2. It is anticipated that the Company's

share of these costs will be 10.5089% of EPA's total bill. It is not possible at this time to calculate, to a reasonable degree of certainty, EPA's oversight cost. However, based on other similar sites, it would be reasonable to assume such oversight cost to be approximately 20% of the projected RD/RA costs for OU1 and OU2. Assuming the Company's maximum exposure for the RD/RA cost for OU1 and OU2 does not exceed 10.5089% of \$6 million, a reasonable estimate of the Company's share of oversight cost would be approximately \$125,000.

Prior to EPA's approval of a final remedy for the site, and the completion of negotiations among members of the Group on the Company's maximum allocated share, we are unable to determine the complete extent of the Company's remaining exposure at this site. Based on the existing Second Participation Agreement, the Company's remaining exposure for the RD/RA task for OU1 and OU2, EPA's oversight costs, and the Company's attorneys' fees and costs, is projected to be approximately \$664,000.

Pensacola site

The Company is the prior owner and operator of the former Pensacola gasification plant, located in Pensacola, Florida. Following notification on October 5, 1990 that FDEP had determined that the Company was one of several responsible parties for any environmental impacts associated with the former gasification plant site, the Company entered into cost sharing agreements with three other responsible parties providing for the funding of certain contamination assessment activities at the site.

Following field investigations performed on behalf of the responsible parties, on July 16, 1997, FDEP approved a final remedy for the site that provides for annual sampling of selected monitoring wells. Such annual sampling has been undertaken at the site since 1998. The Company's share of these costs is less than \$2,000 annually.

In March 1999, EPA requested site access in order to undertake an Expanded Site Inspection (ESI). The ESI was completed by EPA's contractor in 1999 and an ESI Report was transmitted to the Company in January 2000. The ESI Report recommends additional work at the site. The responsible parties met with FDEP on February 7, 2000 to discuss EPA's plans for the site. In February 2000, EPA indicated preliminarily that it would defer management of the site to FDEP; however, as of this date, the Company has not received any written confirmation from EPA or FDEP regarding this matter. Prior to receipt of EPA's written determination regarding site management, we are unable to determine whether additional fieldwork or site remediation will be required by EPA and, if so, the scope or costs of such work.

Key West site

From 1927 to 1938, the Company owned and operated a gasification plant in Key West, Florida. The plant discontinued operations in the late 1940s; the property on which the plant was located is currently used for a propane gas distribution business. In March 1993, a Preliminary Contamination Assessment Report (PCAR) was prepared by a consultant jointly retained by the Company and the current site owner and was delivered to FDEP. The PCAR reported that very limited soil and groundwater impacts were present at the site. By letter dated December 20, 1993, FDEP notified the Company that the site did not warrant further "CERCLA

consideration and a Site Evaluation Accomplished (SEA) disposition is recommended.” FDEP then referred the matter to its Marathon office for consideration of whether additional work would be required by FDEP’s district office under Florida law. To date, the Company has received no further communication from FDEP with respect to the site. At this time, we are unable to determine whether additional fieldwork will be required by FDEP and, if so, the scope or costs of such work. In 1999, the Company received an estimate from its consultant that additional costs to assess and remediate the reported impacts would be approximately \$166,000. Assuming the current owner shared in such costs according to the allocation agreed upon by the parties for PCAR of start up and shut down of pipeline operations costs. The Company’s share would be approximately \$83,000.

12. Commitments

A. General

To ensure a reliable supply of power and natural gas at competitive prices, the Company has entered into long-term purchase and transportation contracts with various suppliers and producers, which expire at various dates through 2015. Purchase prices under these contracts are determined by formulas either based on market prices or at fixed prices. At December 31, 2005, the Company has firm purchase and transportation commitments adequate to supply its expected future sales requirements. The Company is committed to pay demand or similar fixed charges of approximately \$36.9 million during 2006 related to gas purchase agreements. Substantially all costs incurred under the electric and gas purchase agreements are recoverable from customers through fuel adjustment clause mechanisms.

B. Operating Leases

The Company’s total operating lease obligation is \$260,000. The Company is leasing property from the City of Fernandina Beach in our Northeast division. The total obligation for the duration of this lease is about \$134,000 over the next five years. The Company is in the process of renegotiating the terms of this lease and it may be able to terminate this lease at an earlier date. The Company leases an appliance showroom in the same division for approximately \$35,000 annually. The Company also has other operating lease agreements with various terms and expiration dates. The following table shows the Operating Lease obligations over the next five years.

	2006	2007	2008	2009	2010
Operating Lease Obligations	\$103,000	\$53,000	\$47,000	\$29,000	\$26,000

13. Employee Benefit Plans

A. Pension Plan

The Company sponsors a qualified defined benefit pension plan for non-union employees that were hired before January 1, 2005 and for unionized employees that work under one of the five Company union contracts that approved this change in 2005. The sixth union contract will be negotiated in 2006.

The following tables provide a reconciliation of the changes in the plan's benefit obligations and fair value of assets over the 3-year period ending December 31, 2005 and a statement of the funded status as of December 31, of all three years:

Benefit Obligations and Funded Status

		Years Ended December 31,		
		2005	2004	2003
(1)	Change in Projected Benefit Obligation			
(a)	Projected Benefit Obligation at the Beginning of the Year	\$34,926,383	\$31,540,942	\$28,283,326
(b)	Service Cost	1,195,723	1,084,564	1,012,149
(c)	Interest Cost	2,000,099	1,940,122	1,877,987
(d)	Actuarial (Gain) or Loss	(842,777)	1,708,132	1,653,212
(e)	Benefits Paid	(1,514,341)	(1,347,377)	(1,285,732)
(f)	Change in Plan Provisions	584,838	-	-
(g)	Plan Participant Contributions	-	-	-
(h)	Acquisition	-	-	-
(i)	Curtailment	-	-	-
(j)	Settlement	-	-	-
(k)	Special Termination Benefits	-	-	-
(l)	Projected Benefit Obligation at the End of the Year	<u>\$36,349,925</u>	<u>\$34,926,383</u>	<u>\$31,540,942</u>
(m)	Accumulated Benefit Obligation at the End of the Year	<u>\$31,966,513</u>	<u>\$30,518,393</u>	<u>\$26,810,146</u>
(2)	Change in Plan Assets			
(a)	Fair Value of Plan Assets at the Beginning of the Year	\$32,385,214	\$31,081,063	\$26,953,318
(b)	Actual Return on Plan Assets	2,065,793	2,651,528	5,413,477
(c)	Benefits Paid	(1,514,341)	(1,347,377)	(1,285,732)
(d)	Employer Contributions	-	-	-
(e)	Plan Participant Contributions	-	-	-
(f)	Acquisition	-	-	-
(g)	Settlement	-	-	-
(h)	Fair Value of Assets at the End of the Year	<u>\$32,936,666</u>	<u>\$32,385,214</u>	<u>\$31,081,063</u>
(3)	Net Amount Recognized			
(a)	Funded Status: (2)(h) - (1)(l)	\$(3,413,259)	\$(2,541,169)	\$(459,879)
(b)	Unrecognized Transition Obligation (Asset)	-	-	-
(c)	Unrecognized Prior Service Cost	4,729,604	4,881,881	5,580,092
(d)	Unrecognized Net (Gain) or Loss	(2,037,678)	(1,615,093)	(3,262,796)
(e)	Net Amount Recognized: (a) + (b) + (c) + (d)	<u>(\$721,333)</u>	<u>\$725,619</u>	<u>\$1,857,417</u>
(4)	Amounts Recognized in the Statement of Financial Position			
(a)	Prepaid Benefit Cost	-	\$725,619	\$1,857,417
(b)	Accrued Benefit Cost	(\$721,333)	-	-
(c)	Intangible Asset	-	-	-
(d)	Accumulated Other Comprehensive Income	-	-	-
(e)	Net Amount Recognized: (a) + (b) + (c) + (d)	<u>(\$721,333)</u>	<u>\$725,619</u>	<u>\$1,857,417</u>
(5)	Information for pension plans with an accumulated benefit obligation in excess of plan assets			
(a)	Projected Benefit Obligation	\$36,349,925	\$34,926,383	\$31,540,942
(b)	Accumulated Benefit Obligation	\$31,966,513	\$30,518,393	\$26,810,146
(c)	Fair Value of Plan Assets	\$32,936,666	\$32,385,214	\$31,081,063

(6)	Weighted Average Assumptions at the End of the Year			
(a)	Discount Rate	5.90%	5.75%	6.25%
(b)	Rate of Compensation Increase	3.00%	3.00%	3.50%

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2005, 2004 and 2003:

Net Periodic Pension Costs				
		Years Ended December 31,		
		2005	2004	2003
(1)	Service Cost	\$1,195,723	\$1,084,564	\$1,012,149
(2)	Interest Cost	2,000,099	1,940,122	1,877,987
(3)	Expected Return on Plan Assets	(2,485,985)	(2,591,099)	(2,668,854)
(4)	Amortization of Transition Obligation/(Asset)	-	-	-
(5)	Amortization of Prior Service Cost	737,115	698,211	711,928
(6)	Amortization of Net (Gain) or Loss	-	-	(360,493)
(7)	Total FAS 87 Net Periodic Pension Cost	1,446,952	1,131,798	572,717
(8)	FAS 88 Charges / (Credits)			
(a)	Settlement	-	-	-
(b)	Curtailment	-	-	-
(c)	Special Termination Benefits	-	-	-
(d)	Total	-	-	-
(9)	Total Net Periodic Pension Cost	\$1,446,952	\$1,131,798	\$572,717
(10)	Additional Information			
(a)	Increase in Minimum Liability Included in Other Comprehensive Income	\$ -	\$ -	\$ -
(11)	Weighted Average Assumptions			
(a)	Discount Rate	5.75%	6.25%	6.75%
(b)	Expected Return on Plan Assets	8.50%	8.50%	8.50%
(c)	Rate of Compensation Increase	3.00%	3.50%	4.50%

Plan Assets				
		Target Allocation	Percentage of Plan Assets at December 31	
		2006	2005	2004
(1)	Plan Assets			
(a)	Equity Securities	60%	67%	69%
(b)	Debt Securities	35%	32%	30%
(c)	Real Estate	0%	0%	0%
(d)	Other	5%	1%	1%
(e)	Total	100%	100%	100%

Expected Return on Plan Assets

The expected rate of return on plan assets is 8.5%. The Company expects 8.5% to fall within the 50 to 60-percentile range of returns on investment portfolios with asset diversification similar to that of the Pension Plan's target asset allocation.

Investment Policy and Strategy

The Company has established and maintains an investment policy designed to achieve a long-term rate of return, including investment income and appreciation, sufficient to meet the actuarial requirements of the Pension Plan. The Company seeks to accomplish its return objectives by investing in a diversified portfolio of equity, fixed income and cash securities seeking a balance of growth and stability as well as an adequate level of liquidity for pension distributions as they fall due. Plan assets are constrained such that no more than 10% of the portfolio will be invested in any one issue.

Cash Flows

(1)	Expected Contributions for Fiscal Year Ending December 31, 2006	
(a)	Expected Employer Contributions	\$250,000
(b)	Expected Employee Contributions	\$ 0
(2)	Estimated Future Benefit Payments Reflecting Expected Future Service for the years ending December 31,	
(a)	2006	\$1,652,331
(b)	2007	\$1,763,865
(c)	2008	\$1,842,309
(d)	2009	\$1,967,733
(e)	2010	\$2,066,326
(f)	2011 – 2015	\$12,061,276

Other Accounting Items

		Years Ended December 31,		
		2005	2004	2003
(1)	Market-Related Value of Assets as of the Beginning of fiscal year	\$30,016,761	\$31,222,154	\$32,050,201
(2)	Amount of Future Annual Benefits of Plan Participants Covered by Insurance Contracts Issued by the Employer or Related Parties	\$ 0	\$ 0	\$ 0
(3)	Alternative Amortization Methods Used to Amortize			
(a)	Prior Service Cost	Straight Line	Straight Line	Straight Line
(b)	Unrecognized Net (Gain) or Loss	Straight Line	Straight Line	Straight Line
(4)	Employer Commitments to Make Future Plan Amendments (that Serve as the Basis for the Employer's Accounting for the Plan)	None	None	None
(5)	Description of Special or Contractual Termination Benefits Recognized During the Period	N/A	N/A	N/A
(6)	Cost of Benefits Described in (5)	N/A	N/A	N/A
(7)	Explanation of Any Significant Change in Benefit Obligation or Plan Assets not Otherwise Apparent in the Above Disclosures	N/A	N/A	N/A

B. Medical Plan

The Company sponsors a postretirement medical program. The medical plan is contributory with participants' contributions adjusted annually. The following tables provide required financial disclosures over the three-year period ended December 31, 2005:

Benefit Obligations and Funded Status

	Fiscal Year Ending		
	12/31/2005	12/31/2004	12/31/2003
(1) Change in Accumulated Postretirement Benefit Obligation			
Accumulated Postretirement Benefit Obligation at the			
(a) Beginning of the Year	\$1,925,254	\$1,807,999	\$1,725,639
(b) Service Cost	100,054	70,300	66,117
(c) Interest Cost	127,312	106,079	108,849
(d) Actuarial (Gain) or Loss	282,812	32,646	(23,328)
(e) Benefits Paid	(135,166)	(119,005)	(91,909)
(f) Change in Plan Provisions	0	0	0
(g) Plan Participant's Contributions	43,317	27,235	22,631
(h) Acquisition	0	0	0
(i) Curtailment	0	0	0
(j) Settlement	0	0	0
(k) Special Termination Benefits	0	0	0
(l) Accumulated Postretirement Benefit Obligation at the End of the Year	<u>\$2,343,583</u>	<u>\$1,925,254</u>	<u>\$1,807,999</u>
(2) Change in Plan Assets			
(a) Fair Value of Plan Assets at the Beginning of the Year	\$ 0	\$ 0	\$ 0
(b) Actual Return on Plan Assets	0	0	0
(c) Benefits Paid	(135,166)	(119,005)	(91,909)
(d) Employer Contributions	91,849	91,770	69,278
(e) Plan Participant's Contributions	43,317	27,235	22,631
(f) Acquisition	0	0	0
(g) Settlement	0	0	0
(h) Fair Value of Assets at the End of the Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
(3) Net Amount Recognized			
(a) Funded Status: (2)(h) - (1)(l)	(\$2,343,583)	(\$1,925,254)	(\$1,807,999)
(b) Unrecognized Transition Obligation (Asset)	300,262	343,158	386,054
(c) Unrecognized Prior Service Cost	0	0	0
(d) Unrecognized Net (Gain) or Loss	<u>100,928</u>	<u>(181,884)</u>	<u>(223,196)</u>
(e) Net Amount Recognized: (a) + (b) + (c) + (d)	<u>(\$1,942,393)</u>	<u>(\$1,763,980)</u>	<u>(\$1,645,141)</u>
(4) Amounts Recognized in the Statement of Financial Position			
(a) Prepaid Benefit Cost	\$ 0	\$ 0	\$ 0
(b) Accrued Benefit Liability	(1,942,393)	(1,763,980)	(1,645,141)
(c) Intangible Asset	0	0	0
(d) Accumulated Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>

(e) Net Amount Recognized: (a) + (b) + (c) + (d)	<u>(\$1,942,393)</u>	<u>(\$1,763,980)</u>	<u>(\$1,645,141)</u>
(5) Weighted Average Assumptions at the End of the Year			
(a) Discount Rate	5.90%	5.75%	6.25%
(b) Rate of Compensation Increase	N/A	N/A	N/A
(6) Assumed Health Care Cost Trend Rates			
(a) Health Care Cost Trend Rate Assumed for Next Year	9.00%	10.00%	5.25%
(b) Ultimate Rate	5.00%	5.00%	4.00%
(c) Year that the Ultimate Rate is Reached	2010	2010	2009

Net Periodic Postretirement Benefit Cost

		Years ended December 31,		
		2005	2004	2003
(1)	Service Cost	\$100,054	\$70,300	\$66,117
(2)	Interest Cost	\$127,312	\$106,079	\$108,849
(3)	Expected Return on Plan Assets	\$ 0	\$ 0	\$ 0
(4)	Amortization of Transition Obligation/(Asset)	\$42,896	\$42,896	\$42,896
(5)	Amortization of Prior Service Cost	\$ 0	\$ 0	\$ 0
(6)	Amortization of Net (Gain) or Loss	<u>\$ 0</u>	<u>(\$8,666)</u>	<u>(\$8,121)</u>
(7)	Total FAS 106 Net Periodic Benefit Cost	\$270,262	\$210,609	\$209,741
(8)	Other Charges / (Credits)			
(a)	Settlement	\$ 0	\$ 0	\$ 0
(b)	Curtailment	\$ 0	\$ 0	\$ 0
(c)	Special Termination Benefits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
(d)	Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
(9)	Total Net Periodic Benefit Cost	<u>\$270,262</u>	<u>\$210,609</u>	<u>\$209,741</u>
(10)	Weighted Average Assumptions			
(a)	Discount Rate	5.75%	6.25%	6.75%
(b)	Expected Return on Plan Assets	N/A	N/A	N/A
(c)	Rate of Compensation Increase	N/A	N/A	N/A
(11)	Assumed Health Care Cost Trend Rates			
(a)	Health Care Cost Trend Rate Assumed for Current Year	10.00%	12.00%	5.50%
(b)	Ultimate Rate	5.00%	5.00%	4.50%
(c)	Year that the Ultimate Rate is Reached	2010	2010	2009
(12)	Impact of One-Percentage-Point Change in Assumed Health Care Cost Trend Rates	<u>Increase</u>	<u>Decrease</u>	
(a)	Effect on Service Cost + Interest Cost	\$33,094	(\$27,941)	
(b)	Effect on Postretirement Benefit Obligation	\$290,269	(\$248,951)	

Cash Flows

(1) Expected Contributions for Fiscal Year Ending 12/31/2006				
(a)	Expected Employer Contributions			\$146,063
(b)	Expected Employee Contributions			\$32,875
(2) Estimated Future Benefit Payments Reflecting Expected Future Service for the Fiscal Year(s) Ending				
		<u>Total</u>	<u>Medicare Part-D Reimbursement</u>	<u>Employee</u> <u>Employer</u>
(a)	12/31/2006	\$184,983	\$6,045	\$32,875 \$146,063
(b)	12/31/2007	\$153,818	\$6,635	\$25,175 \$122,008
(c)	12/31/2008	\$159,751	\$6,963	\$25,434 \$127,354
(d)	12/31/2009	\$166,565	\$7,426	\$27,689 \$131,450
(e)	12/31/2010	\$192,861	\$7,934	\$31,939 \$152,988
(f)	12/31/2011 – 12/31/2015	\$1,316,225	\$46,268	\$214,157 \$1,055,800

Other Accounting Items

		Years Ended December 31,		
		2005	2004	2003
(1)	Market-Related Value of Assets	N/A	N/A	N/A
(2)	Amount of Future Annual Benefits of Plan Participants Covered by Insurance Contracts Issued by the Employer or Related Parties	N/A	N/A	N/A
(3) Alternative Amortization Methods Used to Amortize				
(a)	Prior Service Cost	Straight Line	Straight Line	Straight Line
(b)	Unrecognized Net (Gain) or Loss	Straight Line	Straight Line	Straight Line
(4)	Employer Commitments to Make Future Plan Amendments (that Serve as the Basis for the Employer's Accounting for the Plan)	None	None	None
(5)	Description of Special or Contractual Termination Benefits Recognized During the Period	N/A	N/A	N/A
(6)	Cost of Benefits Described in (5)	N/A	N/A	N/A
(7)	Explanation of Any Significant Change in Benefit Obligation or Plan Assets not Otherwise Apparent in the Above Disclosures	N/A	N/A	N/A
(8)	Measurement Date Used	December 31, 2005	December 31, 2004	December 31, 2003

Voluntary Prescription Drug Coverage

Legislation enacted in December 2003 provides for the addition of voluntary prescription drug coverage under Medicare starting in 2006. The legislation also provides for a 28% tax-free subsidy for each qualified covered retiree's drug cost between certain thresholds if the employer's coverage is at least actuarially

equivalent to the standard Medicare drug benefit. Based on the final regulations issued by the Centers for Medicare and Medicaid Services on January 21, 2005, we determined prescription drug coverage of the Florida Public Utilities Company Postretirement Medical Benefits plan to be actuarially equivalent to Medicare Part D.

Discount Rate Assumption

The discount rate assumption used to determine the postretirement benefit obligations is based on current yield rates in the double A bond market. The current year's discount rate was selected using a method that matches projected payouts from the plan with a zero-coupon double A bond yield curve. This yield curve was constructed from the underlying bond price and yield data collected as of the plan's measurement date and is represented by a series of annualized, individual discount rates with durations ranging from six months to thirty years. Each discount rate in the curve was derived from an equal weighting of the double A or higher bond universe, apportioned into distinct maturity groups. These individual discount rates are then converted into a single equivalent discount rate, which is then used for FAS discount purposes. To assure that the resulting rates can be achieved by a postretirement benefit plan, only bonds that satisfy certain criteria and are expected to remain available through the period of maturity of the plan benefits are used to develop the discount rate. Prior years' discount rate assumptions were set based on investment yields available on double A, long-term corporate bonds.

Actuarial Equivalent

In determining "Actuarial Equivalence", Aon's proprietary prescription drug pricing tool Aon Rx was used. This tool allowed us to determine the estimated Per Member Per Month (PMPM) prescription drug cost for both the Florida Public Utilities Company plan and the Medicare plan. The two PMPM's were adjusted for monthly retiree contributions. We assumed that 60% of the monthly combined medical and prescription drug retiree contribution for the Florida Public Utilities Company plan applies towards prescription drugs. Because the subsidy is the same regardless of the cost sharing structure (unless the plan is not "Actuarial Equivalent"), in general a plan that has higher cost sharing would reduce their annual cost as a percentage greater than a plan would that has lower cost sharing.

C. Health Plan

In December 2003, the Company became fully insured for its employee and retiree's medical insurance. Net health care benefits paid by the Company for active employees were approximately \$1.6 million in 2005, \$1.5 million in 2004, and \$1.1 million in 2003, excluding administrative and stop-loss insurance.

D. 401K Plan

The Company has discontinued eligibility to the defined benefit pension plan for all new non-union hires, and has begun a new 401K match for new hires, effective January 1, 2005. Five of our six union contracts have accepted this same change for their new unionized employees, and the sixth will be negotiated in June of 2006.

This new 401K match is 50 cents on every dollar contributed by the employee on the first 6% of their salary, for a total annual company contribution of up to 3%. The

Company match begins after six months of continuous service, with vesting of 100% after three years of continuous service.

14. Segment Information

The Company is organized into two regulated business segments: natural gas and electric, and one non-regulated business segment, propane gas. There are no material inter-segment sales or transfers.

Identifiable assets are those assets used in the Company's operations in each business segment. Common assets are principally cash and overnight investments, deferred tax assets and common plant.

Business segment information for 2005, 2004 and 2003 is summarized as follows:

(Dollars in thousands)	2005	2004	2003
Revenues			
Natural gas	\$ 69,094	\$ 55,962	\$ 53,610
Electric	47,450	42,910	39,519
Propane gas	13,479	11,167	9,594
Consolidated	<u>\$ 130,023</u>	<u>\$ 110,039</u>	<u>\$ 102,723</u>
Operating income from continuing operations, excluding income tax			
Natural gas	\$ 6,049	\$ 4,978	\$ 5,190
Electric	3,502	3,353	2,249
Propane gas	1,086	655	254
Consolidated	<u>\$ 10,637</u>	<u>\$ 8,986</u>	<u>\$ 7,693</u>
Identifiable assets			
Natural gas	\$ 95,699	\$ 87,387	\$ 80,924
Electric	51,191	48,573	43,476
Propane gas	19,552	15,723	14,348
Common	15,441	18,199	22,196
Consolidated	<u>\$ 181,883</u>	<u>\$ 169,882</u>	<u>\$ 160,944</u>
Depreciation and amortization			
Natural gas	\$ 3,928	\$ 2,752	\$ 2,414
Electric	2,404	2,323	2,333
Propane gas	621	560	508
Common	313	265	237
Consolidated	<u>\$ 7,266</u>	<u>\$ 5,900</u>	<u>\$ 5,492</u>
Construction expenditures			
Natural gas	\$ 6,357	\$ 5,314	\$ 4,331
Electric	3,775	6,793	3,504
Propane gas	2,133	1,339	1,333
Common	176	285	525
Consolidated	<u>\$ 12,441</u>	<u>\$ 13,731</u>	<u>\$ 9,693</u>
Continuing operations- income tax expense			
Natural gas	\$ 1,283	\$ 843	\$ 856
Electric	666	565	180

Propane gas	245	130	21
Common	93	77	110
Consolidated	<u>\$ 2,287</u>	<u>\$ 1,615</u>	<u>\$ 1,167</u>

15. Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of seasonal weather conditions, the timing of rate increases and the migration of winter residents and tourists to Central and South Florida during the winter season. Significant increases in the fourth quarter of 2005 expenses relate to the performance of previously delayed expenditures from previous quarters.

(Dollars in thousands, except per share amounts):	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2005				
Revenues	\$ 35,438	\$ 28,329	\$ 29,190	\$ 37,066
Gross profit	\$ 13,619	\$ 10,963	\$ 10,374	\$ 12,263
Operating income	\$ 4,684	\$ 2,215	\$ 1,578	\$ 2,160
Earnings before income taxes	\$ 3,711	\$ 1,205	\$ 573	\$ 1,046
Net Income	\$ 2,353	\$ 851	\$ 260	\$ 784
Earnings per common share (basic and diluted):				
Continuing operations	\$ 0.40	\$ 0.14	\$ 0.04	\$ 0.13
2004				
Revenues	\$ 30,725	\$ 24,729	\$ 24,183	\$ 30,402
Gross profit	\$ 10,906	\$ 9,361	\$ 9,148	\$ 11,274
Operating income	\$ 3,119	\$ 1,715	\$ 1,255	\$ 2,897
Earnings before income taxes	\$ 2,195	\$ 770	\$ 285	\$ 1,959
Net Income	\$ 1,413	\$ 522	\$ 221	\$ 1,438
Earnings per common share (basic and diluted):				
Continuing operations	\$ 0.23	\$ 0.09	\$ 0.04	\$ 0.24

Florida Public Utilities Company		An Original		December 31, 2005	
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Line No.	Item (a)	Total (b)	Electric (c)		
1	UTILITY PLANT				
2	In Service				
3	Plant in Service (Classified)	162,381,362	68,757,205		
4	Property Under Capital Leases	-	-		
5	Plant Purchased or Sold	-	-		
6	Completed Construction not Classified	-	-		
7	Experimental Plant Unclassified	-	-		
8	TOTAL (Enter Total of lines 3 thru 7)	162,381,362	68,757,205		
9	Leased to Others	564,865	-		
10	Held for Future Use	-	-		
11	Construction Work in Progress	4,336,065	2,090,809		
12	TOTAL (Enter Total of lines 3 thru 7)	1,820,270	3,691		
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	169,102,562	70,851,705		
14	Accum. Prov. for Depr., Amort., & Depl.	53,241,795	25,073,490		
15	Net Utility Plant (Enter total of line 13 less 14)	115,860,767	45,778,215		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
17	In Service:				
18	Depreciation	52,702,927	25,069,799		
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights	-			
20	Amort. of Underground Storage Land and Land Rights	-			
21	Amort. of Other Utility Plant	-			
22	TOTAL in Service (Enter Total of lines 18 thru 21)	52,702,927	25,069,799		
23	Leased to Others				
24	Depreciation	-			
25	Amortization and Depletion	191,551			
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)	191,551	-		
27	Held for Future Use				
28	Depreciation	-			
29	Amortization	-			
30	TOTAL Held for Future Use (Ent. Tot. of lines 28 and 29)	-	-		
31	Abandonment of Leases (Natural Gas)	-			
32	Amort. of Plant Acquisition Adjustment	347,317	3,691		
33	TOTAL Accumulated Provisions (Should agree with line 14 above)(Enter Total of lines 22, 26, 30, 31, and 32)	53,241,795	25,073,490		

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)**

Gas (d)	Water (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
88,116,516	Not Applicable	Not Applicable	Not Applicable	5,507,641	1
-	-			-	2
-	-			-	3
-	-			-	4
-	-			-	5
88,116,516	-	-	-	5,507,641	6
564,865.00	-			-	7
-	-			-	8
2,027,913	-			217,343	9
1,816,579	-			-	10
92,525,873	-	-	-	5,724,984	11
26,190,131	-			1,978,174	12
66,335,742	-	-	-	3,746,810	13
					14
25,654,954	0			1,978,174	15
					16
25,654,954	0	-	-	1,978,174	17
					18
191,551					19
191,551	-	-	-	-	20
					21
0					22
-	-	-	-	-	23
343,626	-				24
26,190,131	0	-	-	1,978,174	25
					26
					27
					28
					29
					30
					31
					32
					33

Florida Public Utilities Company		An Original	An Original	December 31, 2005
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)				
<p>1. Report below the original cost of electric plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for</p>		<p>reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observation of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.</p>		
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
1	1. INTANGIBLE PLANT			
2	(301) Organization			
3	(302) Franchises and Consents			
4	(303) Miscellaneous Intangible Plant			
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	0		0
6	2. PRODUCTION PLANT			
7	A. Steam Production Plant			
8	(310) Land and Land Rights			
9	(311) Structures and Improvements			
10	(312) Boiler Plant Equipment			
11	(313) Engines and Engine Driven Generators			
12	(314) Turbogenerator Units			
13	(315) Accessory Electric Equipment			
14	(316) Misc. Power Plant Equipment			
15	TOTAL Steam Production Plant (Enter Total of lines 8 through 14)	0		0
16	B. Nuclear Production Plant			
17	(320) Land and Land Rights			
18	(321) Structures and Improvements			
19	(322) Reactor Plant Equipment			
20	(323) Turbogenerator Units			
21	(324) Accessory Electric Equipment			
22	(325) Misc. Power Plant Equipment			
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22)	0		0
24	C. Hydraulic Production Plant			
25	(330) Land and Land Rights			
26	(331) Structures and Improvements			
27	(332) Reservoirs, Dams, and Waterways			
28	(333) Water Wheels, Turbines, and Generators			
29	(334) Accessory Electric Equipment			
30	(335) Misc. Power Plant Equipment			
31	(336) Roads, Railroads, and Bridges			
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31)	0		0
33	D. Other Production Plant			
34	(340) Land and Land Rights			
35	(341) Structures and Improvements			
36	(342) Fuel Holders, Products and Accessories			
37	(343) Prime Movers			
38	(344) Generators			
39	(345) Accessory Electric Equipment			

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement

showing subaccount classifications of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			\$0	(301)	1
			0	(302)	2
			0	(303)	3
0	0	0	0		4
					5
					6
			0	(310)	7
			0	(311)	8
			0	(312)	9
			0	(313)	10
			0	(314)	11
			0	(315)	12
0	0	0	0	(316)	13
					14
			0	(320)	15
			0	(321)	16
			0	(322)	17
			0	(323)	18
			0	(324)	19
0	0	0	0	(325)	20
					21
			0	(330)	22
			0	(331)	23
			0	(332)	24
			0	(333)	25
			0	(334)	26
			0	(335)	27
0	0	0	0	(336)	28
					29
			0	(340)	30
			0	(341)	31
			0	(342)	32
			0	(343)	33
			0	(344)	34
			0	(345)	35
					36
					37
					38
					39

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment		
41	TOTAL Other Production Plant (Enter Total of lines 34 through 40)	0	0
42	TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41)	0	0
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	74,148	0
45	(352) Structures and Improvements	26,401	0
46	(353) Station Equipment	1,962,229	629,426
47	(354) Towers and Fixtures	244,665	0
48	(355) Poles and Fixtures	2,350,515	40,759
49	(356) Overhead Conductors and Devices	1,806,407	24,155
50	(357) Underground Conduit	0	0
51	(358) Underground Conductors and Devices	0	0
52	(359) Roads and Trails	6,788	0
53	TOTAL Transmission Plant (Enter Total of lines 44 through 52)	6,471,153	694,340
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	32,460	0
56	(361) Structures and Improvements	96,042	0
57	(362) Station Equipment	3,332,986	2,392,109
58	(363) Storage Battery Equipment	0	0
59	(364) Poles, Towers, and Fixtures	8,192,765	407,536
60	(365) Overhead Conductors and Devices	8,960,311	270,186
61	(366) Underground Conduit	2,067,681	303,006
62	(367) Underground Conductors and Devices	3,966,641	451,568
63	(368) Line Transformers	12,214,397	548,321
64	(369) Services	7,387,741	447,276
65	(370) Meters	3,171,897	179,527
66	(371) Installations on Customer Premises	1,737,159	125,907
67	(372) Leased Property on Customer Premises	0	0
68	(373) Street Lighting and Signal Systems	1,113,390	45,976
69	TOTAL Distribution Plant (Enter Total of lines 55 through 68)	52,273,470	5,171,412
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	72,462	0
72	(390) Structures and Improvements	1,376,148	40,815
73	(391) Office Furniture and Equipment	569,542	9,101
74	(392) Transportation Equipment	2,688,239	40,744
75	(393) Stores Equipment	107,679	0
76	(394) Tools, Shop and Garage Equipment	134,415	9,557
77	(395) Laboratory Equipment	96,702	1,260
78	(396) Power Operated Equipment	116,642	1,498
79	(397) Communication Equipment	166,350	0
80	(398) Miscellaneous Equipment	20,692	0
81	SUBTOTAL (Enter Total of lines 71 through 80)	5,348,871	102,975
82	(399) Other Tangible Property	10,000	0
83	TOTAL General Plant (Enter Total of lines 81 and 82)	5,358,871	102,975
84	TOTAL (Accounts 101 and 106)	64,103,494	5,968,727
85	(102) Electric Plant Purchased	0	0
86	(Less) (102) Electric Plant Sold	0	0
87	(103) Experimental Plant Unclassified	0	0
88	TOTAL Electric Plant in Service	64,103,494	5,968,727

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			0	(346)	40
0	0	0	0		41
0	0	0	0		42
					43
0	0	0	74,148	(350)	44
(4,395)	0	0	22,006	(352)	45
(177,023)	0	0	2,414,632	(353)	46
0	0	0	244,665	(354)	47
(91,871)	0	(20,000)	2,279,403	(355)	48
(4,936)	0	34,870	1,860,496	(356)	49
0	0	0	0	(357)	50
0	0	0	0	(358)	51
0	0	0	6,788	(359)	52
(278,225)	0	14,870	6,902,138		53
					54
0	0	0	32,460	(360)	55
0	0	0	96,042	(361)	56
(584,638)	0	0	5,140,457	(362)	57
0	0	0	0	(363)	58
(48,379)	0	(38,849)	8,513,073	(364)	59
(27,075)	0	18,482	9,221,904	(365)	60
0	0	2,235	2,372,922	(366)	61
(9,182)	0	1,905	4,410,932	(367)	62
(86,472)	0	0	12,676,246	(368)	63
(13,068)	0	0	7,821,949	(369)	64
(68,584)	0	0	3,282,840	(370)	65
(30,734)	0	0	1,832,332	(371)	66
0	0	0	0	(372)	67
(8,069)	0	1,357	1,152,654	(373)	68
(876,201)	0	(14,870)	56,553,811		69
					70
0	0	0	72,462	(389)	71
(827)	0	0	1,416,136	(390)	72
(38,555)	0	14,393	554,481	(391)	73
(79,516)	0	(21,789)	2,627,678	(392)	74
0	0	0	107,679	(393)	75
(10,864)	0	0	133,108	(394)	76
(2,206)	0	0	95,756	(395)	77
(6,522)	0	0	111,618	(396)	78
(10,999)	0	0	155,351	(397)	79
(3,705)	0	0	16,987	(398)	80
(153,194)	0	(7,396)	5,291,256		81
0	0	0	10,000	(399)	82
(153,194)	0	(7,396)	5,301,256		83
(1,307,620)	0	(7,396)	68,757,205		84
0	0	0	0	(102)	85
0	0	0	0		86
0	0	0	0	(103)	87
(1,307,620)	0	(7,396)	68,757,205		88

CONSTRUCTION WORK IN PROGRESS-ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).

2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).

3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped

Line No.	Description of Project	Construction Work in Progress-Electric (Acct. 107)
1	NORTHWEST DIVISION	
2		
3	Station Equipment	435,836
4	Office Furniture and Equipment	445,776
5	Other	* 119,075
6		
7		
9		
10		
11		
12		
13		
14		
15	NORTHEAST DIVISION	
16		
17	Station Equipment	629,480
18	Overhead Conductors & Devices	108,906
19	Installations on Customer Premises	101,664
20	Underground Conductors & Devices	99,485
21	Other	* 150,587
22		
23		
24		
34		
35		
36	* Grouped Items	
37		
38		
39	TOTAL	\$2,090,809

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.

- If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1.	Item	28,636,845	28,636,845		
2.	Depreciation Provisions for Year, Charged to				
3.	(403) Depreciation Expense	2,403,883	2,403,883		
4.	(413) Exp. of Elec. Plt. Leas. to Others				
5.	Transportation Expenses-Clearing	255,648	255,648		
6.	Other Clearing Accounts				
7.	Other Accounts (Specify):				
8.	Accrued Depreciation on Transfers	(18,457)	(18,457)		
9.	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	2,641,074	2,641,074		
10.	Net Charges for Plant Retired:				
11.	Book Cost of Plant Retired	(1,307,621)	(1,307,621)		
12.	Cost of Removal	(247,791)	(247,791)		
13.	Salvage (Credit)	35,529	35,529		
14.	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	(1,519,883)	(1,519,883)		
15.	Other Debit or Credit Items (Describe)-Rounding				
16.		0	0		
17.	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	29,758,036	29,758,036		

Section B. Balances at End of Year According to Functional Classifications

18.	Steam Production				
19.	Nuclear Production				
20.	Hydraulic Production - Conventional	0	0		
21.	Hydraulic Production - Pumped Storage		0		
22.	Other Production				
23.	Transmission	2,017,455	2,017,455		
24.	Distribution	24,715,635	24,715,635		
25.	General	3,024,803	3,024,803		
26.	TOTAL (Enter Total of lines 18 thru 25)	29,757,893	29,757,893		

Florida Public Utilities Company		An Original		December 31, 2005
INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1)				
<p>1. Report below investments in Account 123.1, Investments in Subsidiary Companies.</p> <p>2. Provide a subheading for each company and list thereunder the information called below. Subtotal by company and give a total in columns (e), (f) (g) and (h).</p> <p>(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.</p> <p>(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.</p> <p>3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1</p>				
Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Flo-Gas Corporation	May 1949		
2	Common Stock			1,841,083
3	less treasury stock			0
4				
5				
6				
7				
8				
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36				
37	TOTAL Cost of Account 123.1: 10,000		TOTAL	1,841,083

Florida Public Utilities Company		An Original		December 31, 2005	
INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)					
4. For any securities, notes, or accounts that were pledged, designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge. 5. If Commission approval was required for any advance made or security acquired, designated such fact in a footnote and give name of Commission, date of authorization, and case or docket number. 6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.			7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between the cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including interest adjustment includable in column (f). 8. Report on Line 37, column (a) the total cost of Account 123.1.		
Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)		
397,930 0	0	2,239,013 0		1	
				2	
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				36	
397,930	0	2,239,013		37	

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during year (in a footnote) showing general classes of material and supplies and the various accounts (operating expense, clearing accounts, plant, etc.) Affected - debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.

Line No.	Account	Balance Beginning of Year	Balance End of Year	Department or Departments Which Use Material
	(a)	(b)	(c)	(d)
1	Fuel Stock (Account 151)			Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	816,968	1,081,836	Electric & Gas
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	272,323	360,612	Electric & Gas
10	Assigned to - Other			
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	1,089,291	1,442,448	
12	Merchandise (Account 155)	295,368	421,892	Gas
13	Other Materials and Supplies (Account 156)	0	0	Gas
14	Nuclear Materials Held for Sale (Account 157) (Not applicable to Gas Utilities)			
15	Stores Expense Undistributed (Account 163)			
16				
17				
18				
19				
20	TOTAL Materials and Supplies (per Balance Sheet)	\$1,384,659	\$1,864,340	

Physical Inventories were taken and the appropriate adjustments recorded in the following:

	Amount	Account Debited	Account Credited
Northeast Electric Materials & Supplies	25,360	1630.3	1540.1
South Florida - Materials & Supplies	257	1540.1	1630.3
Central Florida - Materials & Supplies	627	1540.1	1630.3
Northwest Electric Division - Materials & Supplies	1,876	1630.3	1540.1
South Florida Gas Division - Merchandise	3,169	1630.4	1550.1
Central Florida Gas Division - Merchandise	-		
Northeast Florida Propane Division - Merchandise	23,205	1630.4	1550.1

OTHER REGULATORY ASSETS

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Description and Purpose of Other Regulatory Assets (a)		Debits (b)	Credits		Balance End of Year (e)
			Account Charged (c)	Amounts (d)	
1					
2	See Page 234				
3					
4					
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38					
39					
40					
41	TOTAL				

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.

2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Description of Miscellaneous Deferred Debit (a)		Balance at Beginning of Year (b)	Debits (c)	Account Charged (d)	Credit Amount (e)	Balance End of Year (f)
1	Energy Conservation Program	\$0	\$0		\$0	\$0
2	Undistributed Capital					\$0
3	-Accrued Payroll	\$28,717	\$0		(\$4,649)	\$24,068
4	Amortized Piping Costs	\$1,269,434	\$0		\$148,941	\$1,418,375
5	Amortized Conversion Cost	\$151,184	\$0		(\$6,428)	\$144,756
6	Underrecovery Conservation	\$37,418	\$0		\$45,513	\$82,931
7	Underrecovery Natural Gas (AEP)	\$4,299,315	\$0		(\$109,185)	\$4,190,130
8	Underrecovery Unbundling	\$0	\$0		\$0	\$0
9	Underrecovery Fuel	\$1,683,121	\$0		\$2,844,624	\$4,527,745
10	Penny Elimination	\$0	\$0		\$0	\$0
11						
12						
13						
14						
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34						
35						
36						
37	Misc. Work in Progress	1,564,251				\$1,756,549
38	Deferred Regulatory Comm. Expenses					
39	(See Pages 350 - 351)	(704,189)	(422,595)	928	(58,911)	(\$1,067,873)
40						
41	TOTAL	\$8,329,251				\$11,076,681

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. If more space is needed, use separate pages as required.
4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to 4100 (c)	Adjustments (d)	Balance at End of Year (e)
1	Electric				
2	AMT	43,591	-	(43,591)	-
3	Self Insurance Res. & Audit Fee	255,172	30,358	-	285,530
4	Uncollectible	34,759	(23,721)	-	11,038
5	Vacation Pay	81,951	1,371	-	83,322
6	Misc. Accrual	(1,722)	1,722	-	-
7	Interest Not Cap. & Amort of Dept.	-	-	-	-
8	Rate Refund	-	-	-	-
9	General liability	(80,617)	(16,056)	146,819	50,146
10	Regulatory	-	-	-	-
11	Gain on Hydroplant	-	-	-	-
12	Storm Reserve	(156,010)	(11,743)	734,793	567,040
13	TOTAL Electric (Lines 2 thru 13)	177,124	(18,069)	838,021	997,076
14	Gas				
15	AMT	46,562	-	(46,562)	-
16	Interest Not Cap. & Amort of Dept.	-	-	-	-
17	Deferred Gain	105,925	(45,313)	-	60,612
18	Regulatory	-	-	-	-
19	Self Insurance Res. & Audit Fee	446,822	32,100	-	478,922
20	Uncollectible	39,825	30,698	-	70,523
21	Vacation Pay	157,831	12,018	-	169,849
22	Environmental	1,765,685	165,897	-	1,931,582
23	Misc. Accrual	(3,061)	3,061	-	-
24	General liability	(106,429)	(22,418)	190,136	61,289
25	Storm Reserve	(178,354)	19,153	-	(159,201)
26	Rate Refund	-	263,438	-	263,438
27					
28	TOTAL Gas (Lines 15 thru 25)	2,274,806	458,634	143,574	2,877,014
29					
30	Other (Specify) Common	8,282	(18,659)	13,643	3,266
31	TOTAL (Account 190)(Lines 12, 23 & 24)	2,460,212	421,906	995,238	3,877,356
Classification of Total:					
Federal Income Tax		2,108,119			3,310,632
State Income Tax		361,282			566,724

CAPITAL STOCK (Accounts 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form fil

ing, a specific reference to report form (i.e. year and title) may be reported in column (a) provided the fiscal year for both the 10-K report and this report are compatible.
 2. Entries in column (b) should represent the no. of shares authorized by the articles of incorp. as amended to end of year.
 3. Give particulars (details) concerning shares of any class.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)
1	Common Stock	6,000,000	\$1.50
	Additional Reacquired Stock Held By Flo-Gas Corporation (a wholly owned subsidiary)		
	TOTAL Common Stock	6,000,000	\$1.50
2	Preferred Stock	6,000	\$100.00
3			
4			
5			
6			
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Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the account entries effecting such change.

(a) Donations Received from Stockholders (Account 208) - State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and give brief explanation of the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	ACCOUNT 211:	
2	Miscellaneous Paid in Capital - Beginning Balance	\$1,593,145
3	Gain on Resale of Reacquired Common Stock	(\$540,384)
4	Miscellaneous Paid in Capital - Ending Balance	\$1,052,761
5		
6		
7		
8		
9		
10		
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13		
14		
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19		
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23		
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25		
26		
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28		
29		
30		
31		
32	TOTAL	\$1,052,761
33		=====

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet the account particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated companies, and 224, Other Long-Term Debt.

2. In column (a), for new issues, give Commission authorization numbers and dates.

3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

4. For advances from Associated Companies, report separately advances on note and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

5. For receivers' certificates, show in column (a) the named of the court and date of court order under which

such certificates were issued.

6. In column (b) show the principal amount of bonds or other long-term debt originally issued.

7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.

9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the

Line No.	(a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)
1	FIRST MORTGAGE BONDS:		
2			
3			
4	9.57% Series Due 2018	10,000,000	7,211
5	10.03% Series Due 2018	5,500,000	3,883
6	9.08% Series Due 2022	8,000,000	4,067
7	4.90% Series Due 2031	14,000,000	26,871
8	6.85% Series Due 2031	15,000,000	40,289
9			
10			
11			
12			
13			
14			
15		0	
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29	TOTAL	52,500,000	82,321

LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)

Uniform System of Accounts.

10. Identify separate undisclosed amounts applicable to issues which were redeemed in prior years.

11. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and expense, or credited to Account 429, Amortization of Premium on Debt- Credit.

12. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote.

including name of pledgee and purpose of the pledge.

14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

15. If interest expense was incurred during the year on any obligations retired or acquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
5/1/88	5/1/18	5/1/88	5/1/18	10,000,000	957,000	4
5/1/88	5/1/18	5/1/88	5/1/18	5,500,000	551,650	5
6/1/92	6/1/22	6/1/92	6/1/22	8,000,000	726,400	6
11/1/01	11/1/31	11/1/01	11/1/31	14,000,000	686,000	7
10/1/01	10/1/31	10/1/01	10/1/31	15,000,000	1,027,500	8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
				52,500,000	3,948,550	32
						33

December 31, 2005

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9) *	\$3,849,881
2	Reconciling Items for the Year	
3	Interest on Water Installment Payment	(189,561)
4	Taxable Income Not Reported on Books	
5	Service Contributions	496,041
6	Depreciation	1,605,669
7	Penalties	2,039
8	Pension Reserve	1,446,951
9		185,579
10	Deductions Recorded on Books Not Deducted for Return	
11	Meals Expense	23,614
12	Vacation Pay	35,583
13	Depreciation Study	-
14	Loss on Reacquired Debt	18,284
15	Income Taxes (excluding current state income of \$ 389,600)	1,652,350
16	Refurbish Project	5,840
17	Bare Steel Replacement Program	566,308
18	Misc. Deferrals	-
19	Uncollectible Reserve	18,544
20	Natural Gas Odorizer	5,071
21	Capitalized Interest	431,302
22	Income Recorded on Books Not Included in Return	
23	Environmental Costs	15,483
24	AEP Depreciation	430,093
25	Deferred Gain	120,420
26	Amortization of Intangibles	227,545
27	General Liability	67,415
28		
29		
30	Deductions on Return Not Charged Against Book Income	
31	Ordinary Loss on ACRS Property Retirements	480,000
32	Cost of Removal ADR Property	54,000
33	Underrecoveries of Purchased Energy Costs	2,844,624
34	Outside Audit Fees	19,593
35	Storm Reserve	37,817
36		
37		
38		
39		
40	Federal Tax Net Income	6,696,534
41	Show Computation of Tax:	-
42		
43	Tax at 34%	2,276,822
44	Rounding	(24)
45	TOTAL Federal Income Tax Payable	2,276,798
46	* Excludes Flo-Gas Net Income of	397,930
47		
48		
49		

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by inclu-

sion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes)

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR				
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
1	Federal Taxes:					
2	Income Tax	312,884		(2,919,368)	2,516,536	
3	Unemployment Tax - Current	(724)		(22,319)	22,011	
4	Environmental Tax - Prior	0				
5	Environmental Tax - Current	0				
6	F I C A - Current	0		(1,208,245)	1,208,245	
7	Total Federal Taxes	312,160	-	(4,149,932)	3,746,792	
8						
9	State of Florida:					
10	Income	54,271		(507,865)	415,750	
11	Emergency Excise Tax - Prior	0				
12	Emergency Excise Tax - Current	0				
13	Gross Receipts - Prior	0				
14	Gross Receipts - Current	(236,211)		(2,736,341)	2,700,829	
15	FPSC Assessment - Prior	0				
16	FPSC Assessment - Current	(146,801)		(378,010)	341,215	
17	Intangible Personal Prop.-Current	0				
18	Unemployment - Prior	0				
19	Unemployment - Current	(1,330)		(43,521)	42,839	
20	Licenses - Current	0				
21	Total State of Florida Taxes	(330,071)		(3,665,737)	3,500,633	0
22						
23	Local:					
24	Advalorem - Prior	-		0	0	
25	Advalorem - Current	-		(1,547,161)	1,547,161	
26	Licenses - Current	-		0	0	
27	City Franchise Tax	-		0	0	
28	Total Local Taxes	-	0	(1,547,161)	1,547,161	
29						
30	Reclassified to Prepaid Taxes					
31	Federal Taxes:					
32	Income Tax					
33	State of Florida:					
34	Income					
35						
36						
37						
38	TOTAL	(17,911)	0	(9,362,830)	8,794,586	0

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll footnote. Designate debit adjustments by parentheses. deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Report in column (i) through (l) how the taxes were

distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also show in column (l) the taxes charged to utility plant or other balance sheet accounts.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustment to Ret. Earnings (Account 439) (k)	Other Gas & Common (l)	
						1
(89,948)	0	1,511,556			174,244	2
(1,032)	0	2,993			0	3
0	0	0			0	4
0	0	0			0	5
0	0	245,641			0	6
(90,980)	0	1,760,190			174,244	7
						8
						9
(37,844)	0	258,739			30,835	10
0	0	0			0	11
0	0	0			0	12
0	0	0			0	13
(271,723)	0	1,190,265			0	14
0	0	0			0	15
(183,596)	0	34,653			0	16
0	0	0			0	17
0	0	0			0	18
(2,012)	0	5,818			0	19
0	0	0			0	20
(495,175)		1,489,475			30,835	21
						22
						23
0	0	0			0	24
0	0	510,170			0	25
0	0	269			0	26
0	0	0			0	27
0	0	510,439			0	28
						29
						30
						31
						32
						33
						34
						35
						36
(586,155)	0	3,760,104			205,079	37
						38

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255.
Where appropriate, segregate the balances and transactions
by utility and nonutility operations. Explain

by footnote any correction adjustment to the account
balance shown in column (g). Include in column (i) the
average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%	1,494			411.4	22	0
3	4%	0			411.4	-	0
4	8	39,703				5,022	0
5	10%	150,329			411.4	29,944	0
6	Prior Period Adjustment	745				-	0
7							
8	TOTAL	192,271		0		34,988	0
9	Other List separately						
10	and show 3%, 4%, 7%,						
11	10% and TOTAL						
12							
13	Gas Utility						
14	3%	0			4110.4	0	0
15	4%	2,504			4110.4	2,027	0
16	8	31,760			4110.4	3,129	0
17	10%	262,752			4110.4	39,034	0
18	Prior Period Adjustment	0					0
19							
20	TOTAL	297,016		0		44,190	
21							
22							
23							
24							
25							
26							
27							
28							
29	TOTAL	0		0		0	0
30							
31	TOTAL UTILITIES	489,287		0		79,178	0
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued)

Balance at End Year (h)	Average Period of Allocation to Income (i)	Adjustment Explanation	Line No.
1,472	28 YEARS		1
0	28 YEARS		2
34,681			3
120,385	28 YEARS		4
745			5
			6
			7
157,283			8
			9
			10
			11
			12
0	35 YEARS		13
477	35 YEARS		14
28,631	36 YEARS		15
223,718	35 YEARS		16
0			17
			18
252,826			19
			20
			21
			22
			23
			24
			25
			26
			27
			28
0			29
			30
410,109			31
			32
			33
			34
			35
			36
			37
			38
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			44

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.

3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Over Recovery of Fuel Adjustment-Electric	301,107	456.1	1,429,348	2,281,135	1,152,894
2	(Amortized over succeeding six month		456.11			
3	period)					
4						
5	Over Recovery of Fuel Adjustment-Gas	1,108,131	495.1	5,548,638	4,440,507	0
6	(Amortized over succeeding twelve month		495			
7	period)					
8						
9	Environmental Insurance Proceeds	13,989,227	1860.1	719,491	731,009	14,000,745
10						
11	Over Recovery Conservation (Electric)	131,874	456.6	120,084	95,244	107,034
12						
13	Over Recovery Conservation (Gas)	0	495.7	595,905	595,905	0
14						
15	Over Recovery Unbundling (Gas)	(1)	495.8	0	0	(1)
16						
17	Gain on Sale of Property	0	4030.1	0	0	0
18						
19	Other Deferred Credit - Cashier	0	4030.1	1,344	1,344	0
20	Overage/Shortage					
21						
22	Gain on sale of property (Gas)	281,494		120,420	0	161,074
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	TOTAL	\$15,811,832		\$8,535,230	\$8,145,144	\$15,421,746
43						
44						

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.

Line No.	Account Subdivisions	Balance at Beginning of Year	CHANGES DURING YEAR	
			Amounts Debited (Account 410.1)	Amounts Credited (Account 411.1)
	(a)	(b)	(c)	(d)
1	Account 282			
2	Electric	4,977,988	855,956	
3	Gas	8,148,123	(549,457)	
4	Other - Water			
5	Other - Common	5,295,329	130,955	
6	TOTAL (Lines 2 thru 4)	18,421,440	437,454	0
7	Other (Specify)			
8				
9				
10				
11	TOTAL Account 282 (Lines 5 thru 8)	\$18,421,440	\$437,454	\$0
12				
13	Classification of TOTAL			
14	Federal Income Tax	15,854,205	477,593	
15	State Income Tax	2,567,235	(40,139)	
16	Local Income Tax			
17	Total	18,421,440	437,454	
18				
19	Other Reclassification for SFAS no. 143. COR	7,823,581	-	
20				
21	Total	26,245,021	437,454	-
22				
23				
24				
25				
26				

0

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282) (Continued)

2. For Other (Specify), include deferrals relating to other income and deductions.
 3. Use footnotes as required.

CHANGES DURING YEAR			ADJUSTMENTS			Balance at End of Year	Line No.
Amounts Debited (Account 410.2)	Amounts Credited (Account 411.2)	Acct. Debited (g)	Credits Amount (h)	Acct. Credited (i)	Debits Amount (j)		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
		1460.009	(613,310)		(954,226)	5,689,568	1
		4090	(1,159,866)		49,873	9,807,573	2
						0	3
		4269.4091	140,025		1,911,919	3,112,430	4
0	0		(1,633,151)		1,007,566	18,609,571	5
						0	6
						0	7
						0	8
						0	9
							10
\$0	\$0		(\$1,633,151)		\$1,007,566	\$18,609,571	11
							12
			(1,633,151)		1,007,566	16,002,197	13
						2,607,374	14
							15
			(1,633,151)		1,007,566	18,609,571	16
							17
-	-	2820	432,774	-	-	8,256,355	18
							19
-	-		(1,200,377)	-	1,007,566	26,865,926	20
							21
							22
							23
							24
							25
							26

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.

2. For Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING THE YEAR	
			Amounts Debited (Account 410.1) (c)	Amounts Credited (Account 411.1) (d)
1	Account 283			
2	Electric			
3	Underrecoveries	633,357	(26,820)	
4	Pension Costs	79,898	(181,286)	
5	Conservation Costs	(49,624)	9,347	
6	Loss on Reacquired Debt	38,770	(328)	
8	Rate Case	135,550	(31,896)	
9	Depreciation Study	0	0	
10	Adjustment from 4100.1 to 4090.1	0		
11	TOTAL Electric (Total Lines 3-9)	837,951	(230,983)	0
12				
13				
14	Gas			
15	Underrecoveries	0	1,097,252	
16	Pension Costs	86,959	(314,748)	
20	Conservation Cost	14,080	17,126	
17	Loss on Reacquired Debt	53,539	(6,552)	
18	Deltona Repairs	2,397	(2,197)	
19	Rate Case	129,438	(29,384)	
21	Depreciation Study	0	0	
22	Odorizer	7,314	(1,908)	
23	AEP	0	0	
24	Unbundled	0	0	
25	Adjustment from 4100.1 to 4090.1	0		
26	TOTAL Gas (Total Lines 15 - 23)	293,727	759,589	0
27				
28	Total Gas and Electric (line 11 and 26)	1,131,678	528,606	0
29				
30				
31	Other - Common	0	0	0
32				
33	TOTAL Account 283 (Total lines 11, 25 and 31)	\$1,131,678	\$528,606	\$0
34				
35				
36	Classification of TOTAL			
37	Federal Income Tax	966,272	451,347	
38	State Income Tax	165,406	77,259	
39	Local Income Tax	0		

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance End of Year (e)
		Account Credited (b)	Amount (c)		
1	See Page 274				
2					
3					
4					
5					
6					
7					
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ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
 2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be

counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

OPERATING REVENUES			
Line No.	Title of Account (a)	Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	\$22,995,513	\$19,877,749
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	4,413,956	3,937,882
5	Large (or Industrial)	18,908,593	15,390,015
6	(443) Outdoor Lighting	1,048,312	935,192
7	(444) Public Street and Highway Lighting	289,146	258,728
8	(445) Other Sales to Public Authorities	0	-
10	(448) Interdepartmental Sales	31,047	25,164
9	(456.3) Unbilled Revenues	(137,903)	68,654
11			
12	TOTAL Sales to Ultimate Consumers	47,548,664	40,493,384
13	(447) Sales for Resale		
14			
15	TOTAL Sales of Electricity	47,548,664	40,493,384
16	(Less) (449.1) Provision for Rate Refunds	-	-
17			
18	TOTAL Revenue Net of Provision for Refunds	47,548,664	40,493,384
19	Other Operating Revenues		
20	(450) Forfeited Discounts	356,713	351,912
21	(451) Miscellaneous Service Revenues	246,143	200,095
22	(453) Sales of Water and Water Power	-	-
23	(454) Rent from Electric Property	116,203	105,619
24	(455) Interdepartmental Rents	-	-
25	(456.2) Other Electric Revenues	8,782	1,980
26	(456.1) Overrecoveries Purchase Electric	(851,787)	1,782,152
27	(456.6) Overrecoveries Conservation	24,840	(25,294)
28			
29			
30	TOTAL Other Operating Revenues	(99,106)	2,416,464
31			
32	TOTAL Electric Operating Revenues	\$47,449,558	\$42,909,848

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
350,659	336,814	23,120	22,878	1
				2
				3
59,983	59,760	3,385	3,353	4
406,194	362,734	714	685	5
5,024	4,928			
1,976	1,864	19	22	6
0	-	0	0	7
809	582	12	6	9
(10,292)	(333)	0	0	8
				10
814,353	766,349	27,250	26,944	11
				12
				13
814,353	766,349	27,250	26,944	14
				15
				16
814,353	766,349	27,250	26,944	17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31

ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283)(Continued)

3. Provide in the space below explanations for pages 276 and 277. Include amounts relating to insignificant items under Other.

4. Use footnotes required.

Amounts Debited (Account 410.2) (e)	Amounts Credited (Account 411.2) (f)	Debits		Credits		Balance at End of Year (k)	Line No.
		Acct. Credited (g)	Amount (h)	Acct. Debited (i)	Amount (j)		
							1
							2
						606,537	3
						(101,388)	4
						(40,277)	5
						38,442	6
						103,654	8
						0	9
						0	10
0	0		0		0	606,968	11
							12
							13
							14
						1,097,252	15
						(227,789)	16
						31,206	20
						46,987	17
						200	18
						100,054	19
						0	21
						5,406	22
						0	23
						0	24
						0	25
0	0		0		0	1,053,316	26
							27
0	0		0		0	1,660,284	28
							29
							30
						0	31
							32
\$0	\$0		\$0		\$0	\$1,660,284	33
							34
							35
0	0		0		0	1,417,619	36
0	0		0		0	242,665	37
						0	38
							39

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customers, average KWh per customer, and average revenue per KWh, excluding data for Sales for Resale which is reported on pages 310-311.

2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," page 300-301. If the sales under any rate schedule are classified in more than one revenue account, list the rate schedule and sales data under each applicable revenue account subheading.

3. Where the same customers are served under more than one

rate schedule in the same revenues account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.

4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the (12 if all billings are made monthly).

5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.

6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate Schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWH of Sales per Customer (e)	Revenue (cents) per KWH Sold (f)
1	*					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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21						
22						
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24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	Total Billed	824,645,000	47,686,567	27,250	30,262.2	0.058
41	Total Unbilled Rev.	(10,292,000)	(137,903)			
42	Rate Refund		0			
43	TOTAL	814,353,000	47,548,664	27,250	29,884.5	0.058

* Breakdown per each rate is not readily available.

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Account	Amount for Current Year	Amount for Previous Year
(a)	(b)	©
1 (1) POWER PRODUCTION EXPENSES		
2 A. Steam Power Generation		
3 Operation		
4 (500) Operation Supervision and Engineering	-	-
5 (501) Fuel	-	-
6 (502) Steam Expenses	-	-
7 (503) Steam from Other Sources	-	-
8 (Less) (504) Steam Transferred-Cr.	-	-
9 (505) Electric Expenses	-	-
10 (506) Miscellaneous Steam Power Expenses	-	-
11 (507) Rents	-	-
12 TOTAL Operation	-	-
13 Maintenance		
14 (510) Maintenance Supervision and Engineering	-	-
15 (511) Maintenance of Structures	-	-
16 (512) Maintenance of Boiler Plant	-	-
17 (513) Maintenance of Electric Plant	-	-
18 (514) Maintenance of Miscellaneous Steam Plant	-	-
19 TOTAL Maintenance	-	-
20 TOTAL Power Production Expenses-Steam Plant	-	-
21 B. Nuclear Power Generation		
22 Operation		
23 (517) Operation Supervision and Engineering	-	-
24 (518) Fuel	-	-
25 (519) Coolants and Water	-	-
26 (520) Steam Expenses	-	-
27 (521) Steam from Other Sources	-	-
28 (Less) (522) Steam Transferred-Cr.	-	-
29 (523) Electric Expenses	-	-
30 (524) Miscellaneous Nuclear Power Expenses	-	-
31 (525) Rents	-	-
32 TOTAL Operation	-	-
33 Maintenance		
34 (528) Maintenance Supervision and Engineering	-	-
35 (529) Maintenance of Structures	-	-
36 (530) Maintenance of Reactor Plant Equipment	-	-
37 (531) Maintenance of Electric Plant	-	-
38 (532) Maintenance of Miscellaneous Nuclear Plant	-	-
39 TOTAL Maintenance	-	-
40 TOTAL Power Production Expenses-Nuclear Power	-	-
41 C. Hydraulic Power Generation		
42 Operation		
43 (535) Operation Supervision and Engineering	-	-
44 (536) Water for Power	-	-
45 (537) Hydraulic Expenses	-	-
46 (538) Electric Expenses	-	-
47 (539) Miscellaneous Hydraulic Power Generation Expenses	-	-
48 (540) Rents	-	-
49 TOTAL Operation	-	-

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account		Amount for Current Year	Amount for Previous Year
50	C. Hydraulic Power Generation (Continued)		
51	Maintenance		
52	(541) Maintenance Supervision and Engineering	-	-
53	(542) Maintenance of Structures	-	-
54	(543) Maintenance of Reservoirs, Dams, and Waterways	-	-
55	(544) Maintenance of Electric Plant	-	-
56	(545) Maintenance of Miscellaneous Hydraulic Plant	-	-
57	TOTAL Maintenance	-	-
58	TOTAL Power Production Expenses-Hydraulic Power	-	-
59	D. Other Power Generation		
60	Operation		
61	(546) Operation Supervision and Engineering	-	-
62	(547) Fuel	-	-
63	(548) Generation Expenses	-	-
64	(549) Miscellaneous Other Power Generation Expenses	-	-
65	(550) Rents	-	-
66	TOTAL Operation	-	-
67	Maintenance		
68	(551) Maintenance Supervision and Engineering	-	-
69	(552) Maintenance of Structures	-	-
70	(553) Maintenance of Generating and Electric Plant	-	-
71	(554) Maintenance of Miscellaneous Other Power Generation Plant	-	-
72	TOTAL Maintenance	-	-
73	TOTAL Power Production Expenses-Other Power	-	-
74	E. Other Power Supply Expenses		
75	(555) Purchased Power	29,483,309	26,722,332
76	(556) System Control and Load Dispatching	-	-
77	(557) Other Expenses	236,816	6,575
78	TOTAL Other Power Supply Expenses	29,720,125	26,728,907
79	TOTAL Power Production Expenses	29,720,125	26,728,907
80	2. TRANSMISSION EXPENSES		
81	Operation		
82	(560) Operation Supervision and Engineering	-	-
83	(561) Load Dispatching	-	-
84	(562) Station Expenses	11,613	13,098
85	(563) Overhead Line Expenses	-	-
86	(564) Underground Line Expenses	-	-
87	(565) Transmission of Electricity by Others	-	-
88	(566) Miscellaneous Transmission Expenses	4,473	-
89	(567) Rents	-	-
90	TOTAL Operation	16,086	13,098
91	Maintenance		
92	(568) Maintenance Supervision and Engineering	-	-
93	(569) Maintenance of Structures	-	-
94	(570) Maintenance of Station Equipment	60,096	10,854
95	(571) Maintenance of Overhead Lines	52,312	8,617
96	(572) Maintenance of Underground Lines	-	-
97	(573) Maintenance of Miscellaneous Transmission Plant	-	-
98	TOTAL Maintenance	112,408	19,471
99	TOTAL Transmission Expenses	128,494	32,569
100	3. DISTRIBUTION EXPENSES		
101	Operation		
102	(580) Operation Supervision and Engineering	333,852	282,528
103	(581) Load Dispatching	591	10

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
104 3. DISTRIBUTION EXPENSES (Continued)		
105 (581) Load Dispatching		
106 (582) Station Expenses	49,932	38,981
107 (583) Overhead Line Expenses	81,400	65,689
108 (584) Underground Line Expenses	28,340	27,668
109 (585) Street Lighting and Signal System Expenses	13,630	21,384
110 (586) Meter Expenses	250,175	227,728
111 (587) Customer Installations Expenses	86,606	108,197
112 (588) Miscellaneous Distribution Expenses	229,388	176,902
113 (589) Rents	644	16,821
114 TOTAL Operation	1,074,558	965,908
115 Maintenance		
116 (590) Maintenance Supervision and Engineering	132,797	150,485
117 (591) Maintenance of Structures	12,939	2,066
118 (592) Maintenance of Station Equipment	170,331	59,582
119 (593) Maintenance of Overhead Lines	1,183,612	989,579
120 (594) Maintenance of Underground Lines	133,355	145,381
121 (595) Maintenance of Line Transformers	96,161	102,037
122 (596) Maintenance of Street Lighting and Signal Systems	30,141	27,908
123 (597) Maintenance of Meters	28,323	30,294
124 (598) Maintenance of Miscellaneous Distribution Plant	65,811	70,194
125 TOTAL Maintenance	1,853,470	1,577,526
126 TOTAL Distribution Expenses	2,928,028	2,543,434
127 4. CUSTOMER ACCOUNTS EXPENSES		
128 Operation		
129 (901) Supervision	173,122	153,865
130 (902) Meter Reading Expenses	234,213	232,947
131 (903) Customer Records and Collection Expenses	745,758	738,875
132 (904) Uncollectible Accounts	(7,795)	72,943
133 (905) Miscellaneous Customer Accounts Expenses	80,497	82,250
134 TOTAL Customer Accounts Expenses	1,225,795	1,280,880
135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136 Operation		
137 (907) Supervision	77,377	54,295
138 (908) Customer Assistance Expenses	196,573	153,838
139 (909) Informational and Instructional Expenses	176,738	136,924
140 (910) Miscellaneous Customer Service and Informational Expenses	22,923	37,447
141 TOTAL Cust. Service and Informational Expenses	473,611	382,504
142 6. SALES EXPENSES		
143 Operation		
144 (911) Supervision	-	-
145 (912) Demonstrating and Selling Expenses	-	-
146 (913) Advertising Expenses	21,847	19,029
147 (916) Miscellaneous Sales Expenses	1,998	2,474
148 TOTAL Sales Expenses	23,845	21,503
149 7. ADMINISTRATIVE AND GENERAL EXPENSES		
150 Operation		
151 (920) Administrative and General Salaries	830,978	825,297
152 (921) Office Supplies and Expenses	207,548	195,298
153 (Less) (922) Administrative expenses Transferred-Cr.	-	-
154 (923) Outside Services Employed	151,865	91,041
155 (924) Property Insurance	175,060	181,716
156 (925) Injuries and Damages	426,800	475,182
157 (926) Employee Pensions and Benefits	870,833	768,077

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
157 7. ADMINISTRATIVE AND GENERAL EXPENSES		
158 (927) Franchise Requirements	-	-
159 (928) Regulatory Commission Expenses	118,835	66,101
160 (Less) (929) Duplicate Charges-Cr.	-	-
161 (930.1) General Advertising Expenses	-	252
162 (930.2) Miscellaneous General Expenses	102,616	86,911
163 (931) Rents	7,035	6,314
164 TOTAL Operation	2,891,570	2,696,189
165 Maintenance		
166 (935) Maintenance of General Plant	78,255	49,947
167 TOTAL Administrative and General Expenses	2,969,825	2,746,136
168 TOTAL Electric Operation and Maintenance Expenses	37,469,723	33,735,933

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

See page 462

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column(a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column(b), enter a Statistical Classification Code based on the original contractual terms and conditions of the services as follows:

RQ-for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF-for long-term service. "Long-term" means five years longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions(e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service

which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF-for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but less than five years.

SF-for short-term firm service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU-for long-term service from a designated generating unit. Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU-for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means longer than one year but less than five years.

EX-For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Jacksonville Electric Authority	RQ	MS	80.30	NA	NA
2	Jefferson Smurfit Corporation	OS		NA	NA	NA
3	Gulf Power Company	RQ	RE	57.44	NA	NA

OS-for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from designated units of less than one year. Describe the nature of the service in a footnote.

AD-for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column(c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column(b), is provided.

5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non-coincident peak(NCP) demand in column(e), and the average monthly coincident peak(CP) demand in column(f). For all other types of service, enter NA in columns(d),(e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP Demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns

(e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

6. Report in column(g) the megawatthours shown on bills rendered to the respondent. Report in columns(h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.

7. Report demand charges in column(j), energy charges in column(k), and the total of any other types of charges including out-of-period adjustments, in column(l). Explain in a footnote all components of the amount shown in column(l). Report in column(m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column(m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount(1) includes credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.

8. The data in columns(g) through (m) must be totalled on the last line of the schedule. The total amount in column(g) must be reported as Purchases on page 401, line 10. The total amount in column(h) must be reported as Exchange Received on page 401, line 12. The total amount in column(i) must be reported as Exchange Delivered on page 401, line 13.

9. Footnote entries as required and provide explanations following all required data.

Megawatthours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	Megawatthours Received (h)	Megawatthours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) or Settlement (\$) (m)	
495,370			5,792,638	812,407	8,850,010	15,455,055	1
4,300				80,410	0	80,410	2
356,704			5,386,721	446,531	8,156,932	13,990,184	3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
856,374			11,179,359	1,339,348	17,006,942	29,525,649	14

Florida Public Utilities Company		An Original		December 31, 2005
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Electric)				
Line No.	Description (a)		Amount (b)	
1	Industry Association Dues		\$4,404	
2				
3	Nuclear Power Research Expenses			
4				
5	Other Experimental and General Research Expenses			
6				
7	Publishing and Distributing Information and			
8	Reports to Stockholders; Trustee, Registrar, and			
9	Transfer Agent Fees and Expenses, and Other			
10	Expenses of Servicing Outstanding Securities			
11	of the Respondent		9,217	
12				
13	Other Expenses (List items of \$5000 or more in			
14	this column showing the (1) purpose, (2) recipient			
15	and (3) amount of such items. Group amounts of			
16	less than \$5,000 by classes if the number of items			
17	so grouped is shown)			
18				
19	Directors Fees and Expenses	55 items	15,556	
20	Miscellaneous Expenses	118 items	36,145	
21	Chamber of Commerce (6 items)	3 item	711	
22	Stock Insurance		31,589	
23	Economic Development Expense		5,000	
24				
25				
26				
27				
28				
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33				
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41				
42				
43				
44				
45				
46				
47	TOTAL		\$102,622	
			102,622	

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)
(Except amortization of acquisition adjustments)

1. Report in Section A for the year the amounts for:
(a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).
2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.

Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.

In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional

classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.

For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.

If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.

4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Acct. 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant	0			
2	Steam Production Plant	0			
3	Nuclear Production Plant	0			
4	Hydraulic Production Plant-Conventional	0			0
5	Hydraulic Production Plant-Pumped Storage	0			0
6	Other Production Plant	0			0
7	Transmission Plant	198,326			198,326
8	Distribution Plant	2,063,206			2,063,206
9	General Plant	142,351			142,351
10	Common Plant-Electric *	116,560			116,560
11	Adjustment*	61			61
12	TOTAL	\$2,520,504	\$0	\$0	\$2,520,504

B. Basis for Amortization Charges

* Not included on page 219, Line 3.

FLORIDA PUBLIC UTILITIES COMPANY							
An Original							
DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)							
C. Factors Used in Estimating Depreciation Charges							
Line No.	Account No. (a)	Depreciable Plant Base (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. Rate(s) (Percent) (e)	Monthly Curve Type (f)	Average Remaining Life (g)
12		CONSOLIDATED ELECTRIC DIVISION					
13							
14	TRANSMISSION PLANT						
15	350.1	56,519	N/A	0	2.2		21.0
16	352	26,401	N/A	0	2.0		25.0
17	353	2,004,229	N/A	10	2.3		24.0
18	354	244,665	N/A	(20)	2.2		24.0
19	355	2,349,304	N/A	(30)	3.8		27.0
20	356	1,945,093	N/A	(20)	3.2		31.0
21	359	6,788	N/A	0	3.9		13.9
22	DISTRIBUTION PLANT						
23	360.1	16,188	N/A	0	1.9		40.0
24	361	96,042	N/A	0	2.2		34.0
25	362	3,805,275	N/A	(10)	3.0		24.0
26	364	7,744,022	N/A	(40)	4.2		23.0
27	365	8,707,520	N/A	(30)	3.8		22.0
28	366	2,193,163	N/A	0	2.0		41.0
29	367	3,989,658	N/A	0	2.9		24.0
30	368	11,614,852	N/A	(20)	4.2		15.8
31	369	6,958,775	N/A	(30)	3.8		23.0
32	370	3,074,461	N/A	(10)	3.6		15.4
33	371	1,575,822	N/A	15	6.1		9.0
34	373	1,104,292	N/A	(10)	5.6		14.6
35	GENERAL PLANT						
36	390	1,363,383	N/A	0	2.0		36.0
37	391.1			7 Years Amortization			
38	391.2			5 Years Amortization			
39	391.3			5 Years Amortization			
40	392.1	96,020	N/A	15	9.2		3.1
41	392.2	504,786	N/A	10	11.3		3.9
42	392.3	1,658,320	N/A	10	9.5		3.7
43	392.4	107,072	N/A	5	4.0		20.0
44	393.1			7 Years Amortization			
45	393.2			7 Years Amortization			
46	394.1			7 Years Amortization			
47	394.2			7 Years Amortization			
48	395.1			7 Years Amortization			
49	395.2			7 Years Amortization			
50	396	116,642	N/A	5	6.3		4.3
51	397			5 Years Amortization			
52	398			7 Years Amortization			
53	399			5 Years Amortization			
54							
55							
56							
57							
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65							

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for Current Year (b) + ©	Deferred in Account 186 at Beginning of Year (e)
1	All expenses incurred by the company in its				
2	filings for Rate Relief for electric. Docket				
3	Number 030438-EI		(419,126)	(419,126)	(360,215)
4					
5	All expenses incurred by the company in its				
6	filings for Rate Relief for Gas. Docket				
7	Number 040216-GU		(343,974)	(343,974)	(343,974)
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
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34					
35					
36					
37					
38					
39					
40					
41	TOTAL		(763,100)	(763,100)	(704,189)

CHARGED CURRENTLY TO		Deferred to		AMORTIZED DURING YEAR		Deferred in	Line No.
Department (f)	Account No. (g)	Amount (h)	Account 186 (i)	Contra Account (j)	Amount (k)	Account 186 End of Year (l)	
	Electric-33556	(111,826)	(111,826)	928	(58,911)	(413,130)	1
	Gas - 33800	(310,769)	(310,769)	928		(654,743)	2
							3
							4
							5
							6
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							39
		(422,595)	(422,595)		(58,911)	(1,067,873)	42
							46

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	-		
4	Transmission	7,696		
5	Distribution	664,841		
6	Customer Accounts	642,453		
7	Customer Service and Informational	203,309		
8	Sales	-		
9	Administrative and General	(229,986)		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	1,288,313		
11	Maintenance			
12	Production			
13	Transmission	22,140		
14	Distribution	732,528		
15	Administrative and General	1,453		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	756,121		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	-		
19	Transmission (Enter Total of lines 4 and 13)	29,836		
20	Distribution (Enter Total of lines 5 and 14)	1,397,369		
21	Customer Accounts (Transcribe from line 6)	642,453		
22	Customer Service and Information (Transcribe from line 7)	203,309		
23	Sales (Transcribe from line 8)	-		
24	Administrative and General (Enter Total of lines 9 and 15)	(228,533)		
25	TOTAL Operation and Maintenance (Total of lines 18 - 24)	2,044,434	461,292	2,505,726
26	Gas			
27	Operation			
28	Production - Manufactured Gas	-		
29	Production - Natural Gas (Including Expl. and Dev.)			
30	Other Gas Supply	125,724		
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution	2,377,304		
34	Customer Accounts	1,115,470		
35	Customer Service and Informational	304,642		
36	Sales	839,816		
37	Administrative and General	(464,240)		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	4,298,716		
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission	-		
45	Distribution	598,860		
46	Administrative and General	2,164		
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)	601,024		

DISTRIBUTION OF SALARIES AND WAGES

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
Gas (Continued)				
48	Total Operation and Maintenance			
49	Production - Manufactured Gas (Total of lines 28 and 40)			
50	Production - Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)			
51	Other Gas Supply (Enter Total of lines 30 and 42)	125,724		
52	Storage, LNG, Term inaling and Processing (Total of lines 31 and 43)			
53	Transmission (Enter Total of lines 32 and 44)			
54	Distribution (Enter Total of lines 33 and 45)	2,976,164		
55	Customer Accounts (Transcribe from line 34)	1,115,470		
56	Customer Service and Informational (From line 35)	304,642		
57	Sales (Transcribe from line 36)	839,816		
58	Administrative and General (Total of lines 37 and 46)	(462,076)		
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	4,899,740	855,632	5,755,372
60	Other Utility Departments			
61	Operation and Maintenance	-	-	-
62	TOTAL All Utility Dept. (Total of lines 25,59, and 61)	6,944,174	1,316,924	8,261,098
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	921,925		921,925
66	Gas Plant	1,387,825		1,387,825
67	Other - Water & Common	-		-
68	TOTAL Construction (Enter Total of lines 65 thru 67)	2,309,750	-	2,309,750
69	Plant Removal (By Utility Department)			
70	Electric Plant	103,176		103,176
71	Gas Plant	204,237		204,237
72	Other - Water	-		-
73	TOTAL Plant Removal (Enter Total of lines 70 thru 72)	307,413		307,413
74	Other Accounts (Specify):			
75				
76				
77	Other Accounts Receivable/Employee	243,321		243,321
78	Temporary Facilities	38,561		38,561
79	Stores Expense	498,545		498,545
80	Clearing Accounts	263,300		263,300
81	Miscellaneous Deferred Debits	131,757		131,757
82	Merchandise and Jobbing	1,072,023		1,072,023
83	Taxes Other Than Income Taxes-Electric	(113,783)		(113,783)
84	Taxes Other Than Income Taxes-Gas	(332,556)		(332,556)
85				-
86	Vacation Pay	(56,895)		(56,895)
87	Non-Operating and Rental Income	-		-
88	Other Accounts Receivable	3,326,062	694,241	4,020,303
89	Environmental Cost	-		-
90	Merchandise plant leased to other - Gas	16,512		16,512
91				
92				
93				
94				
95	TOTAL Other Accounts	5,086,847	694,241	5,781,088
96	TOTAL SALARIES AND WAGES	14,648,184	2,011,165	16,659,349

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by account as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.

2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate, including explanation of basis of

allocation and factors used.

3. Give for the year the expenses of operation, maintenance rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.

4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Account 118: Common Utility Plant
General Office Buildings and Land
Land & Land Rights
Structures & Improvements
Office Furniture & Equipment
Communications Equipment
Miscellaneous Taggible

\$343,759
2,092,535
2,942,470
113,897
12,790

=====

\$5,505,451

Account 119: Accumulated Provision for Depreciation
of Common Utility Plant

\$1,978,174

=====

SEE ATTACHED SCHEDULES FOR ALLOCATIONS

Note 1: Expenses of Operation and Maintenance are charged to clearing accounts "X" 921 and "X" 932 and to Flo-Gas Corporation (Account 146) on the basis of allocation of Common Utility Plant at 6-30-96 per schedule attached.

FLORIDA PUBLIC UTILITIES
ALLOCATION OF COMMON UTILITY PLANT
AS OF JUNE 30, 2004

<u>Description</u>	<u>Amount</u> <u>(1180, 1070)</u>	<u>Common Plant</u> <u>Allocation of Land &</u> <u>Structures & Improvements</u>	<u>Allocation</u> <u>Per Study</u> <u>Sq. Footage</u>	<u>Allocation</u> <u>Per Study</u> <u>%</u>	<u>Common</u> <u>Land &</u> <u>Structures</u>
Land	\$341,926	Common - All Divisions	21,071	73.6%	1,790,361
Structures & Improvements	2,090,629	Local - South FL *	5,901	20.6%	501,106 (A)
		Local - Merchandising	1,648	5.8%	141,088 (B)
Sub-Total	2,432,555	Total	28,620	100.00%	2,432,555
Misc. Intangible Plant	1,833	Total Common Land & Structures & Improvements			\$2,432,555
Office Furniture & Equipment	27,019				
Office Machines	159,809				
EDP Equipment	2,456,896				
Transportation Equipment	137,353				
Communication Equipment	247,452				
Misc. Tangible Assets	10,539				
Total Common Plant	\$5,462,917				
Check	5,443,361				
	30,095				
	<u>5,473,456</u>				
<u>Allocation of Local - South FL *</u>					
FPU	6/30/2004	Allocation	Common		
	Billed	Per Study	Land &		
	Customers	%	Structures		
	30,860	83.9%	420,428		
Propane (Non-Regulated)	5,905	16.1%	80,678		
Total	36,765	100.0%	501,106 (A)		
			Common Plant (1180)		5,462,917
			Less Direct to WPB		642,194 (A+B)
			Remaining Common		4,820,723
			Less EDP to allocate		2,456,896
			Remaining Common Excl.		
			EDP to allocate		2,363,827

Allocation of Utility Plant All Division	(A) Utility Plant (101,106,107)	(B) Acquisition Adjust (114)	(C) Direct Common Loc & Mer	(D) Sub-Total (A+B+C+D)	(E) Note 1 Allocation %	(F) Remaining Common	(G) Common EDP Equip	(H) Adj. Plant (E+G+H)	Consolidated Allocation %	FPU Allocation %
Florida Public Utilities										
Northwest Electric	\$27,631,735	\$3,691		\$27,635,426	17%	\$401,851	\$368,534	\$28,405,811	17%	18%
Northwest Electric	38,199,929			38,199,929	23%	543,680	417,672	39,161,281	23%	26%
South FL NG	57,492,007	(29,523)	420,428	57,882,912	36%	850,978	859,914	59,593,804	36%	39%
Central Florida NG*	23,993,843	332,922		24,326,765	15%	354,574	466,810	25,148,149	15%	17%
Merchandising	383,383		141,088	524,471	0%	-	49,138	573,609	0%	
Propane Operations										
South FL Propane	7,457,915		80,678	7,538,593	5%	118,191	171,983	7,828,767	5%	
Central FL Propane	2,877,083			2,877,083	2%	47,277	73,707	2,998,067	2%	
Northwest Propane	1,714,929			1,714,929	1%	23,638	24,569	1,763,136	1%	
Nature Coast (996)	1,974,641			1,974,641	1%	23,638	24,569	2,022,848	1%	
Total	\$161,725,465	\$307,090	\$642,194	\$162,674,749	100%	2,363,827	2,456,896	167,495,472	100%	100%

* Excludes acct. 3031 intangible non-compete & Goodwill account 1140.2

Customers Billed 6/30/2004	EDP Equipment		FPUC		Remaining Common		Total	
	Allocation %	Common EDP	Allocation %	Common EDP	Direct Common	Remaining Common	Allocation %	Allocation %
Florida Public Utilities								
Northwest Electric	13,708	15%	368,534	17%	-	401,851	12%	14%
Northwest Electric	14,633	17%	417,672	20%	-	543,680	18%	18%
South FL NG	30,860	35%	859,914	41%	420,428	1,271,406	42%	39%
Central Florida NG*	17,005	19%	466,810	22%	-	354,574	12%	15%
Merchandising	1,786	2%	49,138		141,088	141,088	5%	3%
Propane Operations								
South FL Propane	5,905	7%	171,983		80,678	198,869	7%	7%
Central FL Propane	2,477	3%	73,707		-	47,277	2%	2%
Northwest Propane	906	1%	24,569		-	23,638	1%	1%
Nature Coast (996)	1,261	1%	24,569		-	23,638	1%	1%
Total	88,541	100%	2,456,896	100%	642,194	3,006,021	100%	100%

Allocation %	Total M & J		Total M & J		Total M & J	
	Common EDP	Remain Comm	Common EDP	Remain Comm	Common EDP	Remain Comm
Merchandise						
South FL	62.0%	30,465	87,474	117,939	117,939	
Central FL	34.0%	16,707	47,970	64,677	64,677	
Northwest	2.0%	983	2,822	3,805	3,805	
Nature Coast (946)	2.0%	983	2,822	3,805	3,805	
Total	100.0%	49,138	141,088	190,226	190,226	

	Materials & Supplies		Note 2	Note 5
	Adj. Plant	SJ 45-59	Allocation %	Allocation 80%
Florida Public Utilities				
Northwest Electric	28,405,811	248,084	19%	15%
Northeast Electric	39,161,281	553,323	28%	21%
South FL NG	59,593,804	211,161	39%	31%
Central Florida NG*	25,148,149	165,813	16%	13%
Total	152,309,045	1,178,381	100%	80%

	Note 1	Note 3	Note 4
	Allocation %	Allocation 70%	Allocation 20%
Florida Public Utilities			
Northwest Electric	17%	13%	4%
Northeast Electric	23%	16%	5%
South FL NG	36%	25%	7%
Central Florida NG*	15%	11%	3%
Merchandising	0%	0%	0%
Propane Operations			
South FL Propane	5%	4%	1%
Central FL Propane	2%	1%	0%
Northeast Propane	1%	1%	0%
Nature Coast (996)	1%	1%	0%
Total	100%	70%	20%

FLORIDA PUBLIC UTILITIES COMPANY	An Original	December 31, 2005
ELECTRIC ENERGY ACCOUNT		
Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged, and wheeled during the year.		

Line No.	Item (a)	Megawatt Hours (b)	Line No.	Item (a)	Megawatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	824,645
3	Steam		23	Requirements Sales For Resale (See instruction 4, page 311)	
4	Nuclear		24	Non-Requirements Sales For Resale (See instruction 4, page 311)	
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Department Only, Excluding Station Use)	833
7	Other		27	Total Energy Losses	30,895
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	856,373
9	Net Generation (Enter Total of lines 3 thru 8)	0			
10	Purchases	856,374			
11	Interchanges:				
12	Received				
13	Delivered				
14	Purchases	0			
15	Transmission for/by Others (Wheeling)				
16	Received (MWh)				
17	Delivered (MWh)				
18	Net Transmission for Other (Lines 16 minus 17)	0			
19	Transmission By Other Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	856,374			

MONTHLY PEAKS AND OUTPUT

1. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
2. Report in column (b) the system's energy output for each month such that the total on Line 41 matches the total on Line 20.
3. Report in column © a monthly breakdown of the Non-Requirements Sales For Resale reported on Line 24. Include in the monthly amounts any energy and energy losses associated with the sales so that the total on Line 41 exceeds the amount on Line 24 by the amount of losses incurred (or estimated) in making the Non-Requirements Sales for Resale.
4. Report in column (d) the system's monthly maximum megawatt load (60-minute integration) associated with the net energy for the system defined as the difference between columns (b) and ©.
5. Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Required Sales for Resale & Associated Losses ©	MONTHLY PEAK		
				Megawatts (d)	Day of Month (e)	Hour (f)
29	January					
30	February					
31	March					
32	April					
33	May					
34	June					
35	July					
36	August					
37	September					
38	October					
39	November					
40	December					
41	TOTAL					

**MONTHLY PEAKS AND OUTPUT
NORTHWEST FLORIDA SYSTEM**

Month (a)	Megawatts (b)	Day of Month (d)	Hour (e)	Type of Reading (f)	Monthly Output (MWh) (g)
January	73.9	24	7:15 a.m.	15 Min. Int.	27,794
February	61.8	11	7:00 a.m.	15 Min. Int.	23,988
March	61.1	2	6:45 a.m.	15 Min. Int.	25,546
April	44.9	22	4:30 p.m.	15 Min. Int.	22,853
May	65.5	24	3:15 p.m.	15 Min. Int.	28,328
June	67.6	15	2:15 p.m.	15 Min. Int.	33,114
July	65.6	27	3:45 p.m.	15 Min. Int.	36,970
August	72.3	22	3:30 p.m.	15 Min. Int.	37,248
September	69.9	19	3:15 p.m.	15 Min. Int.	34,462
October	61.1	4	2:30 p.m.	15 Min. Int.	28,861
November	58.3	18	6:45 a.m.	15 Min. Int.	25,599
December	72.9	23	7:30 a.m.	15 Min. Int.	31,941
TOTAL					356,704 =====

**MONTHLY PEAKS AND OUTPUT
NORTHEAST FLORIDA SYSTEM**

Month (a)	Megawatts (b)	Day of Month (d)	Hour (e)	Type of Reading (f)	Monthly Output (MWh) (g)
January	85.7	24	7:30 a.m.	15 Min. Int.	39,313
February	72.7	11	8:15 p.m.	15 Min. Int.	34,084
March	97.0	10	7:30 a.m.	15 Min. Int.	44,306
April	53.9	22	7:30 a.m.	15 Min. Int.	31,327
May	86.4	23	6:15 p.m.	15 Min. Int.	40,069
June	96.1	15	4:30 p.m.	15 Min. Int.	47,296
July	87.6	22	4:15 p.m.	15 Min. Int.	46,574
August	86.8	24	5:0 p.m.	15 Min. Int.	54,565
September	76.7	4	4:00 p.m.	15 Min. Int.	47,449
October	73.9	10	2:15 p.m.	15 Min. Int.	41,458
November	74.4	23	8:45 a.m.	15 Min. Int.	35,895
December	74.3	23	8:00 a.m.	15 Min. Int.	37,334
TOTAL					499,670 =====

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below voltages in group totals only for each voltage.

2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.

3. Report data by individual lines for all voltages if so required by a State commission.

4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.

5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole, wood, or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction.

If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.

6. Report in columns (f) and (g) the total pole miles of transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE		Type of Supporting Structure (e)	LENGTH		Number of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structures of Line Designated (f)	On Structures of Another Line (g)	
1	Yulee, FL	Block 97 Fernandina Beach, FL	138,000	138,000	Steel Tower Steel Pole Concrete Pole	0.55	NONE	2
2						0.8		
3						7.7		
4								
5	Block 97 Fernandina Beach, FL	Block 83 Fernandina Beach, FL	69,000	69,000	Wood Pole	3.5	NONE	1
6								
7								
8								
9	Block 97 Fernandina Beach, FL	State Road 105 and Julia St.	69,000	69,000	Concrete Pole Wood Pole	1.7	NONE	1
10						4.3		
11								
12								
13	Block 83 Fernandina Beach, FL	Container Corporation of America	69,000	69,000	Wood Pole	1.66	NONE	1
14								
15								
16								
17	Block 83 Fernandina Beach, FL	ITT Rayonier Inc.	69,000	69,000	Wood Pole	0.65	NONE	1
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30					TOTAL	20.26		

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report lower voltage lines and higher voltage lines as one line. Designate in a footnote if you do not include lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and pole miles of the other line(s) in column (g).

8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or

share in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.

9. Designate any transmission line leased to another company and give name of lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.

10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	Land (j)	COST OF LINE		EXPENSES, EXCEPT DEPRECIATION AND TAXES**				Line no.
		Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
652 MCM Alum.	*	25,803	2,494,226					1
394.6MCM Alum.								2
								3
								4
4/0 Alum.			474,069					5
394.6MCM Alum.								6
477 MCM Alum.								7
636 MCM Alum.								8
477MCM Alum.	32,677		786,408					9
								10
								11
								12
394.6MCM Alum.			90,636					13
								14
								15
								16
4/0 Alum.								17
								18
								19
								20
*Includes Roads and Trails								21
**Expenses Shown Below Include All Transmission Lines								22
								23
								24
								25
								26
								27
								28
	58,480	3,845,339	3,903,819	15,858	47,202		63,060	29
								30

SUBSTATIONS

1. Report below the information called for concerning substations for the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities for less than 10,000 Kva except those serving customers with energy for resale,

- may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Fernandina Beach, Fl	Distribution			
2	Jesse L. Terry, Substation	Unattended	69M	12.4M	
3					
4	Amelia Plantation Substation	Distribution	69M	12.4M	
5		Unattended			
6					
7	Rayonier Chip Mill	Distribution	69M	12.4M	
8					
9	Stepdown Substation	Transmission	138M	69M	
10		Distribution	69M	12.4M	
11		Unattended			
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					

SUBSTATIONS (Continued)

5. Show in columns (i), (j) and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name

of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Trans- formers In Service (g)	Number of Spare Trans- formers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment	Number of Units	Total Capacity	
			(i)	(j)	(k)	
50	2	0	Fans Added			1
						2
						3
40	1	0	Fans Added			4
						5
						6
8	1	0	Fans Added			7
						8
150	3	0	Fans Added			9
40	2	0	Fans Added			10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36

FLORIDA PUBLIC SERVICE COMMISSION

DIVERSIFICATION REPORT

PSC/AFA 16 (12/94)

Affiliation of Officers and Directors

Company: Florida Public Utilities Company

For the Year Ended December 31, 2005

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
Directors			
Ellen Terry Benoit	Investor Palm Beach, Florida		
John T. English	President Florida Public Utilities Company		
Paul L. Maddock, Jr	President of Palamad Development Co. West Palm Beach, FL	President	McLean-Maddock multi family housing and land development Telluride, CO
Richard C. Hitchins	President of R.C. Hitchins & Co., P.A., a CPA firm, West Palm Beach, FL		
Rudy E. Schupp	Chairman and Chief Executive Officer of Republic Security Bank West Palm Beach, FL	President	Florida Bankers Association PO Box 1117 Tallahassee, FL 32302
Dennis S Hudson, III	Seacoast Banking Corp. of Florida 215 Colorado Ave Stuart, Florida		
Troy W. Maschmeyer, Jr.	Maschmeyer Concrete Company 1142 Watertower Road Lake Park, Florida		
Officers			
Charles L. Stein	Senior Vice President		
John T. English	President & Chief Executive Officer		
George M. Bachman	Treasurer & Chief Financial Officer		

Reconciliation of Gross Operating Revenues Annual Report versus Regulatory Assessment Fee Return

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2005

For the current year, reconcile the gross operating revenues as reported on Page 300 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

Line No.	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
			Gross Operating Revenues per Page 300	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Gross Operating Revenues per RAF Return	Intrastate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Difference (d) - (g)
1	Total Sales to Ultimate Customers (440-446, 448)		47,548,664		47,548,664	47,686,567		47,686,567	(137,903)
2	Sales for Resale (447)		-	-	-	-		-	-
3	Total Sales of Electricity		47,548,664		47,548,664	47,686,567		47,686,567	(137,903)
4	Provision for Rate Refunds (449.1)		-	-	-	-		-	-
5	Total Net Sales of Electricity		47,548,664		47,548,664	47,686,567		47,686,567	(137,903)
6	Total Other Operating Revenues (450-456)		(99,106)		(99,106)	(237,009)		(237,009)	137,903
7	Total Electric Operating Revenues		47,449,558		47,449,558	47,449,558		47,449,558	-
8	Other (specify): Deferred fuel revenue					826,947		826,947	(826,947)
9									
10	Total Gross Operating Revenues		47,449,558		47,449,558	48,276,505		48,276,505	(826,947)

Notes:

On page 300, total sales to ultimate customers include unbilled revenues of (137,903)
Unbilled revenue is included in total other operating revenues on RAF return. (137,903)

Deferred fuel revenue of \$826,947 are reversed to pay RAF only on the actual collected revenue.
(The original payment of the RAF occurred when the actual revenues were collected.)

Analysis of Diversification Activity

Changes in Corporate Structure

Company: Florida Public Utilities Company

For the Year Ended December 31, 2005

Provide any changes in Corporate Structure including partnerships, minority interest, and joint ventures and an updated organizational chart.

Effective Date (a)	Description of Change (b)
	<p>We have enclosed copies of our updated Organizational Chart for Florida Public Utilities Company</p> <p>Flo-Gas does not have any employees.</p>

CORPORATE STRUCTURE

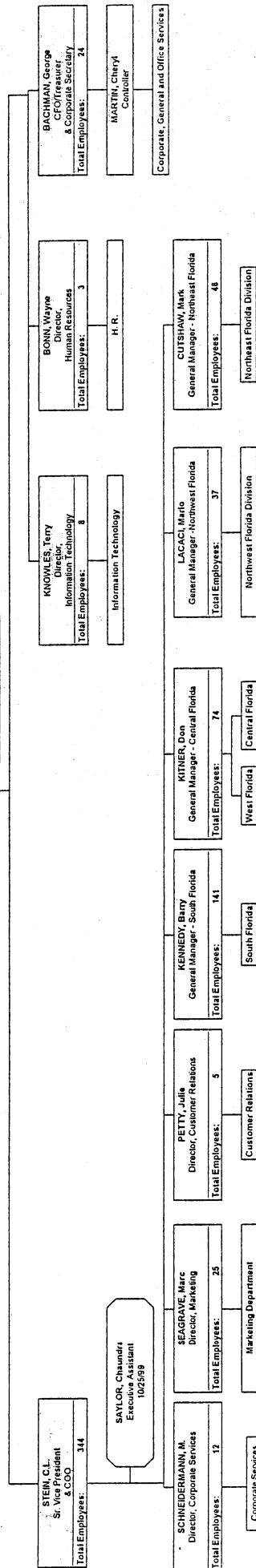


SENIOR MANAGEMENT TEAM

April 13, 2006

ENGLISH, Jack
President & CEO
Total Employees: 381

ERDEK, Bonnie
Assistant Corporate Secretary/
Executive Assistant
05/28/91



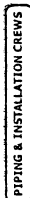
Vacancies	Total	Full-Time	Part-Time
WPB Ops	9	9	-
Marketing	3	3	-
IT	1	1	-
Accounting	-	-	-
H.R.	-	-	-
C.S.	-	-	-
Central FL	5	5	-
Northwest FL	-	-	-
Northeast FL	4	4	-
Corporate Svcs	2	1	1

Positions	Total	Full-Time	Part-Time
WPB Ops	141	139	2
Marketing	25	25	-
IT	8	7	1
Accounting	24	23	1
H.R.	3	3	-
C.S.	5	5	-
Central FL	74	74	-
Northwest FL	37	37	-
Northeast FL	48	47	1
Corporate Svcs	12	10	2
Execs *	4	4	-

381	374	7
-----	-----	---

ORGANIZATIONAL CHART TOTAL			
	Total	Full-Time	Part-Time
Number of Positions	381	374	7
Total Vacancies	24	22	2
Active Employees	357	352	5

KENNEDY, Barry
General MGR. South Florida
03/02/04
Total Employees 132



	Total	Full-Time	Part-Time
Number of Positions	141	139	2
Total Vacancies	9	9	-
Active Employees	132	130	2

***SF Ops totals include SF Propane



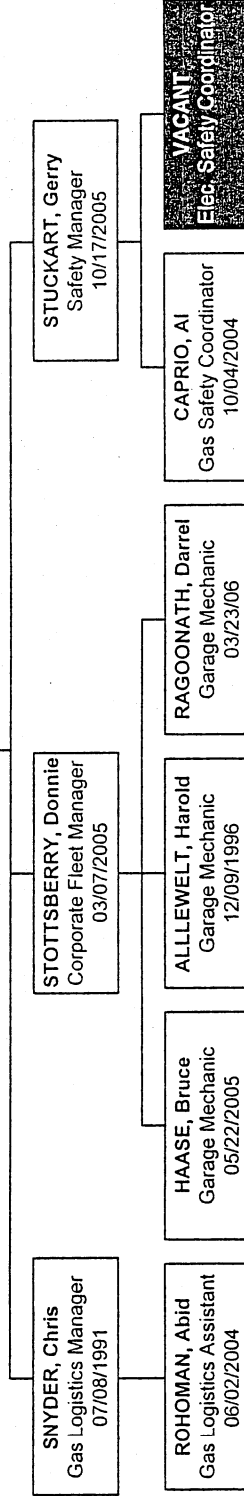
CORPORATE SERVICES

04/13/06

SCHNEIDERMAN, MARC
Director, Corporate Services
02/21/1989
Total Employees: 12

GILMORE, AI
Bldg Maint. PT
04/05/2005

VACANT, Washington
Bldg Maint. PT
Vacant Since 02/15/06



CORPORATE SVS			
	Total	Full-Time	Part-Time
Number of Positions	12	10	2
Total Vacancies	2	1	1
Active Employees	10	9	1

Additions

Acquisition/Startup Additions
2004 Rate Case Addition

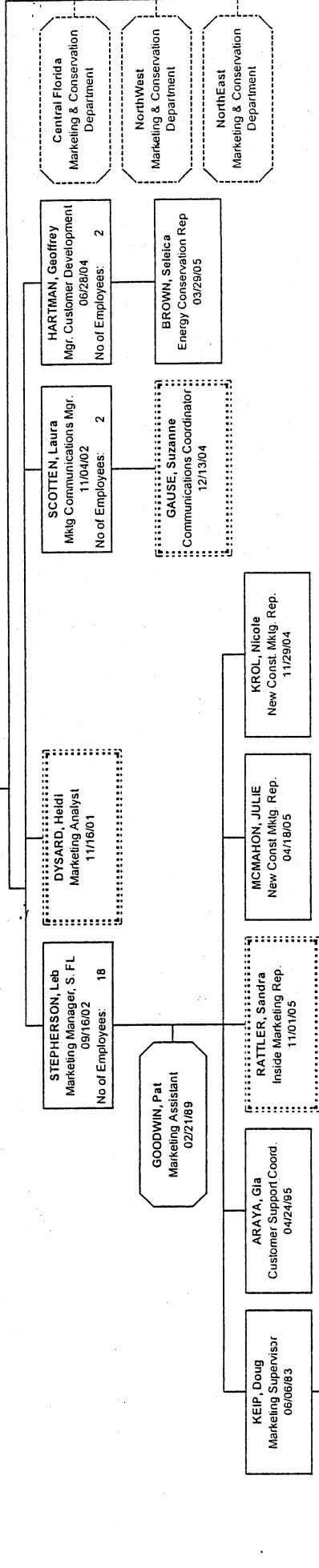
Corporate Services & Director of Corporate Services Added 11/14/2005

MARKETING DEPARTMENT



REVISED
04/13/06

SEAGRAVE, Marc
Director, Marketing
07/19/99
Total Employees: 24



MARKETING

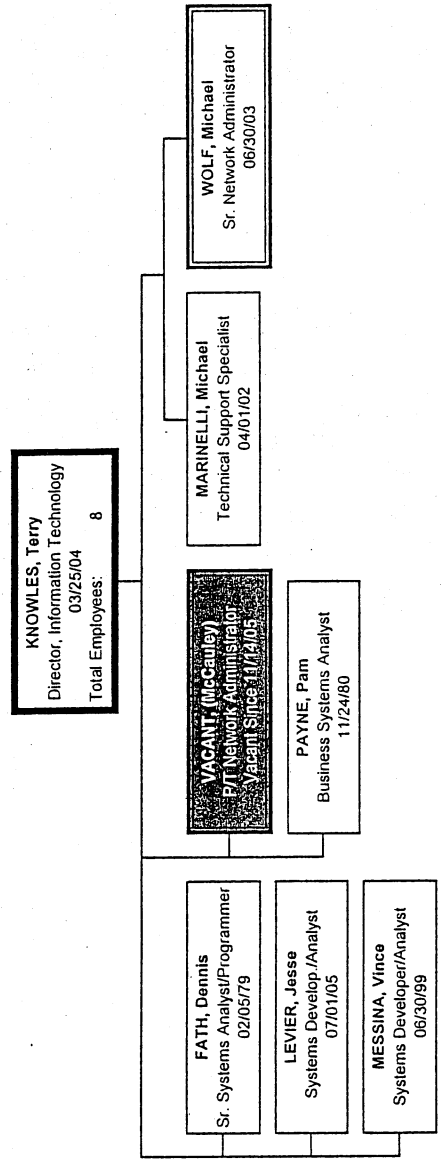
Number of Positions	Total	Full-Time	Part-Time
	25	25	-
Total Vacancies	3	3	-
Active Employees	22	22	-

P/T EMPLOYEE
Rate Case Additions



INFORMATION TECHNOLOGY DEPARTMENT (IT)

04/13/06



IT DEPT

Total	Full-Time	Part-Time
Number of Positions	8	7
Total Vacancies	1	0
Active Employees	7	7

Additions

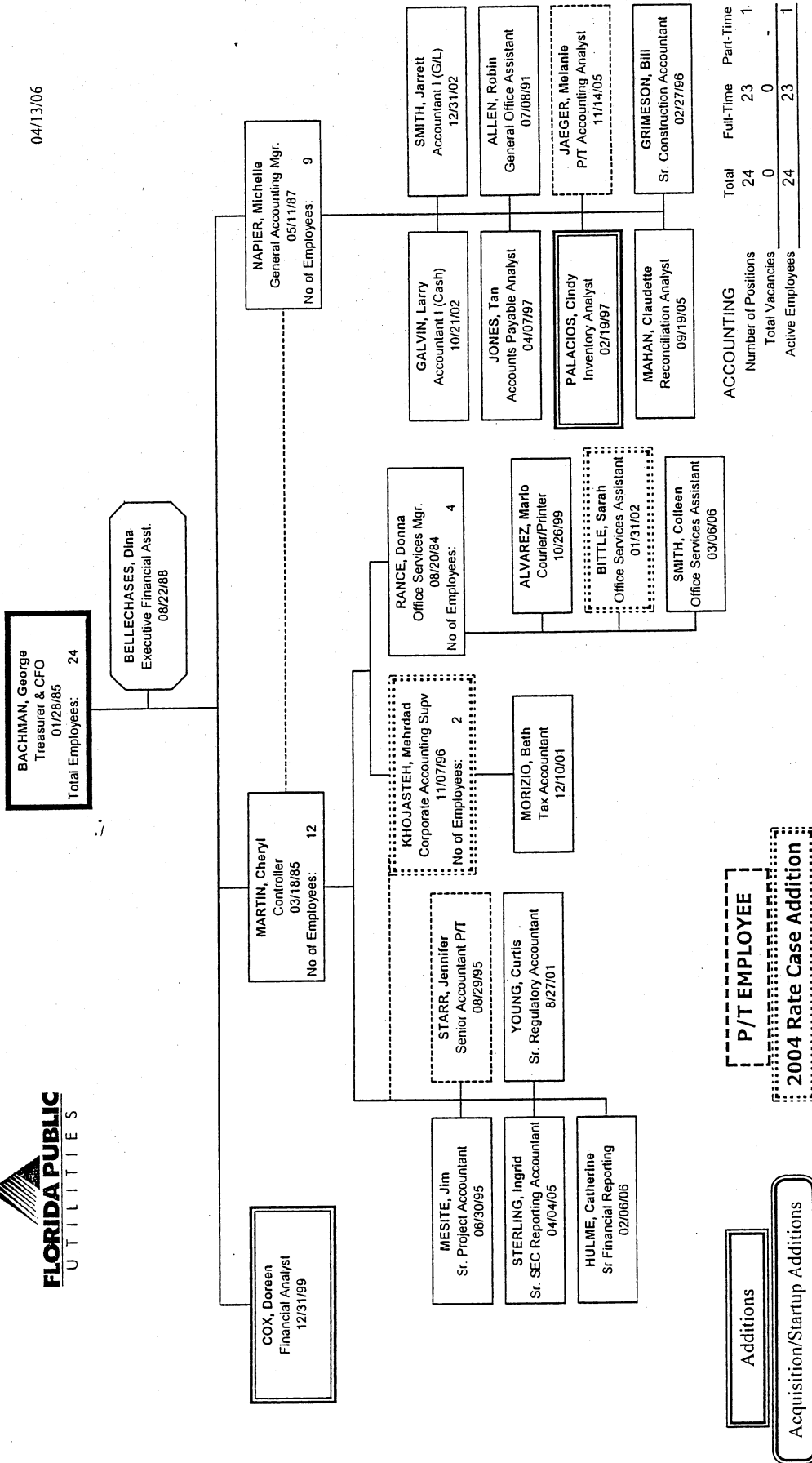
2004 Rate Case Addition

Acquisition/Startup Additions



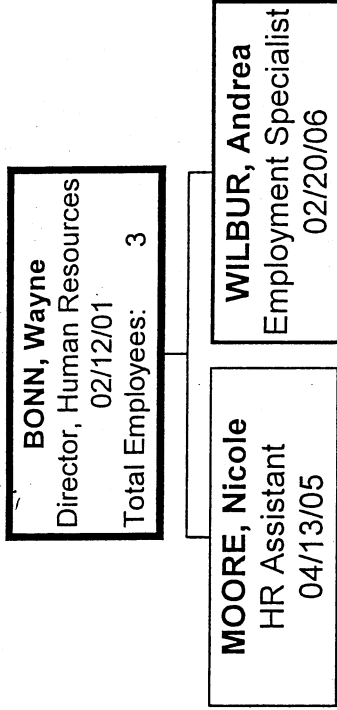
ACCOUNTING DEPARTMENT

04/13/06



HUMAN RESOURCES DEPARTMENT

03/09/06



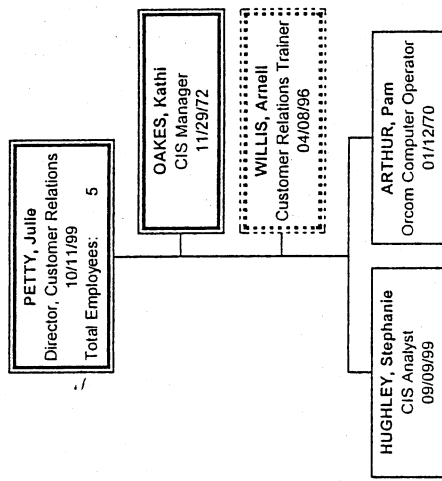
Human Resources	Total	Full-Time	Part-Time
Number of Positions	3	3	-
Total Vacancies	0	-	-
Active Employees	3	3	0

P/T EMPLOYEE
2004 Rate Case Addition



CUSTOMER RELATIONS DEPARTMENT

03/09/06



Additions	
Acquisition/Startup Additions	
2004 Rate Case Addition	

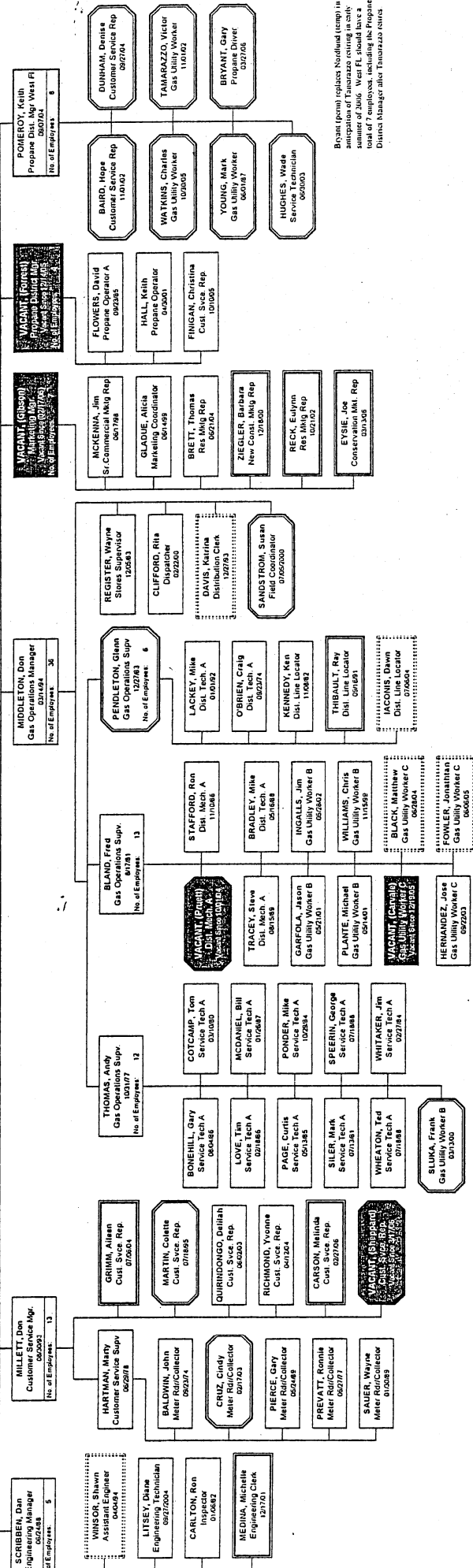
Customer Relations	
Total	Full-Time Part-Time
Number of Positions	5 0
Total Vacancies	0 0
Active Employees	5 0

CENTRAL FLORIDA DIVISION

April 13, 2006



KUTNER, Don
Director, Central Florida
022050
Total Employees: 74



Bryant (pwn) replaces Nordlund (temp) in anticipation of Tamarazzo retiring in early summer of 2006. West FL should have a full-time employee working on the same District Manager after Tamarazzo leaves.

CENTRAL FLORIDA

Number of Positions	74	Full-Time	74	Part-Time	0
Total Vacancies	5		5		0
Active Employees	69		69		0

***Totals include West Florida

W FL PROPANE OPS

Number of Positions	8	Full-Time	8	Part-Time	0
Total Vacancies	0		0		0
Active Employees	8		8		0

2004 Rate Case Addition

Acquisition/Startup Additions

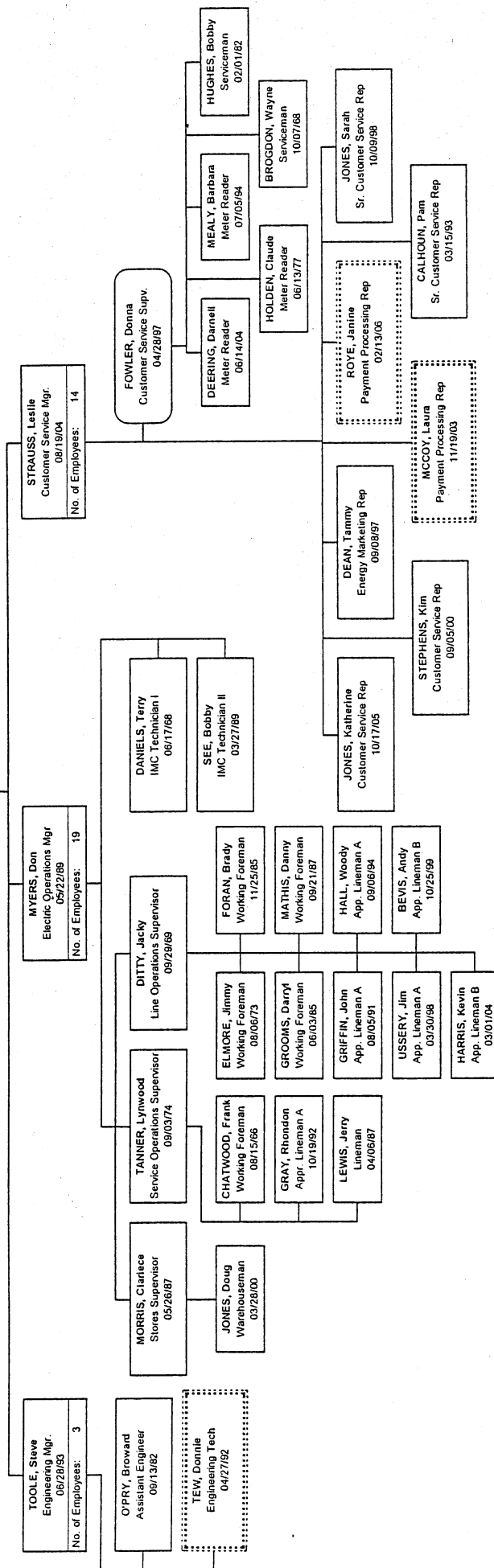
Marketing Conservation Rep added 01/2006

Northwest Florida Division - Organizational Chart



04/13/06

LACACI, Mario
General Manager - NW FL
06/18/01
Total Employees: 37



NORTHWEST FLORIDA			
	Total	Full-Time	Part-Time
Number of Positions	37	37	-
Total Vacancies	0	-	-
Active Employees	37	37	-

2004 Rate Case Addition

Additions

Acquisition/Startup Additions

NORTHEAST FLORIDA DIVISION - ORGANIZATIONAL CHART



04/13/06

CUTSHAW, Mark
General Manager - NE FL
05/13/1991
Total Employees: 48

JOHNSON, Louie
Engineering Mgr.
12/01/80
No. of Employees: 4

SCHAAK, Cliff
Propane District Mgr
03/24/2003
No. of Employees: 10

PUENTES, Jorge
Electric Operations Mgr.
01/05/04
No. of Employees: 21

PARSONS, Melanie
Cust. Service Manager
02/03/03
No. of Employees: 12

ANDERSON, Carl
Senior Engineer
01/13/69

ATKINS, Mary
Engineering Technician
06/28/00
VACANT
Engineering Tech
Rate Case Addition

BEALE, Susan
Customer Service Rep
07/21/04

WENING, Donald
Gas Service Tech A
01/05/04

CALHOUN, Rodney
Gas Utility Worker
04/04/2005

VACANT, (Plina)
Gas Utility Worker - Temp
01/09/04

WINSTON, Linda
Propane Senior Clerk
11/16/99

DICKS, Karen
Energy Mktg. Rep
12/04/00

VACANT, (Brimfield)
Gas Utility Worker
Vacant Since 12/8/06

PLUTA, David
Service Technician B
01/08/04

CORRADO, Joseph
Gas Service Tech B
10/24/05

FAULK, Tom
Line Ops. Supv.
10/28/81

NABORS, Don
App. Lineman A
01/13/92

VACANT, (Moore)
App. Serviceman B
09/17/99

BROWN, Clint
App. Serviceman A
10/02/00

BOATRIGHT, Curtis
App. Serviceman B
01/19/98

CLARDY, Bill
Line Working Foreman
04/08/85

TAYLOR, Steve
Line Working Foreman
08/16/82

THOMPSON, Vinson
Service Ops. Supv.
09/19/94

LAFAVOR, Scott
Lineman
09/05/05

GAINES, CLIFF
App. Lineman B
1/1/595

BEST, Alvin
Svc Working Foreman
08/23/90

ROBINSON, Quentin
App. Serviceman A
10/06/98

SCANDALATO, Don
Meterman
12/18/78

TAYLOR, Parker
Svc Working Foreman
06/16/80

VACANT, (Robinson)
App. Serviceman B
Vacant since 06/09/04

WELSH, John
App. Serviceman B
05/10/99

WILKES, Charles
Svc Working Foreman
08/20/73

TYLER, William
Garage Mechanic
09/05/00

MOORE, Don
Warehouse Assistant
05/17/99

BRADLEY, Gerry
Customer Service Rep
01/12/04

JAMES, Valerie
Customer Service Rep
09/17/01

DOUGLAS, Neil
Energy Mktg Rep
01/28/04

HUNT, Nikola
Customer Service Rep
05/02/00

CAUSIER, James
Stores Supervisor
04/08/96

MCCLURE, Christine
Meter Reader/Collector
06/22/98

DAVIS, Sarah
Meter Reader
04/02/01

KENNEDY, Rena
Sr Customer Service Rep
09/14/92

FEWOX, Sheila
Customer Service Rep P/T
Retired 06/20/05

THORNTON, Patti
Customer Service Supv.
12/07/81

PEACOCK, Lewis
T-On/T-Off Svcmn
02/01/88

GOINS, Mia
Meter Reader
02/27/06

Additions

2004 Rate Case Addition

Acquisition/Startup Additions

P/T Employee

NORTHEAST FLORIDA			
	Total	Full-Time	Part-Time
Number of Positions	48	47	1
Total Vacancies	4	4	0
Active Employees	44	43	1

Analysis of Diversification Activity

New or Amended Contracts with Affiliated Companies

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2005

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

(Schedules 2,3 & 4)

ANALYSIS OF DIVERSIFICATION ACTIVITY REPORT

Flo-Gas Corporation is a wholly-owned subsidiary of Florida Public Utilities Company and transactions that exceed \$300 annually are numerous. Therefore, the enclosed summaries of Flo-Gas' Income Statement and Balance Sheet should be sufficient to meet the requirements of the report.

- Items relating specifically to Flo-Gas are charged directly.
- Corporate general expenses relating to both companies are allocated using factors previously reviewed by the Florida Public Service Commission during our last rate proceeding.
- Items that typically create intercompany transactions include payroll, cash Payments and receipts, and propane purchases.
- Flo-Gas does not have employees or cash.

Detailed transactions are available at our corporate office. If you require additional information, please let us know.

NOTE: Flo-Gas' Income Statement and Balance Sheet (Supplement pages 1 through 3).

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
INCOME STATEMENT
12 MONTHS ENDING 12/31/05

	Year-to-Date Actual	Last Year-to-Date Actual
Operating Revenue	13,478,914	11,167,405
Operation Expenses	11,280,579	9,454,094
Maintenance Expenses	357,270	377,809
Depreciation Expense	620,866	560,091
Amortization of Utility Plant-		
Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility		
Operation Expense	134,322	120,532
Income Tax - Federal - Utility		
Operating Income	44,272	(193,929)
Income Tax - State - Utility		
Operating Income	7,608	(33,339)
Deferred Income Tax - Utility		
Operating Income	178,039	359,584
Investment Tax Credit - Utility		
Operating Income	(1,482)	(2,523)
Operating Income	<u><u>857,440</u></u>	<u><u>525,086</u></u>
Other Income and Deductions		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	735,637	454,377
Other Income Deductions	(676,410)	(439,210)
Taxes Other Than Income - Other	-	-
Income Taxes-Federal-Other Income	(16,472)	(5,724)
Income Taxes-State-Other Income	-	-
Other (Income) and Deductions	<u><u>42,755</u></u>	<u><u>9,443</u></u>
Interest Charges		
Interest on Debt to Associated Companies	499,439	253,469
Other Interest Expense	2,826	3,048
Interest Charges	<u><u>502,265</u></u>	<u><u>256,517</u></u>
Extraordinary Items		
Cumulative Effect - Change in		
Accounting Principles - Net	-	-
Net Income	<u><u>397,930</u></u>	<u><u>278,012</u></u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2005

Assets and Other Debits	Current	Last Year End
Utility Plant		
Utility Plant in Service	15,224,487	13,584,056
Utility Plant Purchased/Sold	-	-
Completed Construction Not Classified		
Construction Work in Progress	1,282,328	798,714
Utility Plant	<u>16,506,815</u>	<u>14,382,770</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(3,732,602)	(4,273,517)
Accumulated Dep. - Transportation Equip.	(629,950)	(507,785)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment	-	-
Accumulated Depreciation	<u>(4,362,552)</u>	<u>(4,781,302)</u>
Other Utility Plant		
Utility Plant Acquisition Adj.	-	-
Accum. Amort. - Utility Acq. Adj.	-	-
Other Utility Plant	<u>-</u>	<u>-</u>
Other Property and Investments		
Investment in Assoc. Companies - Common Stock	-	-
Other Property and Investments	<u>-</u>	<u>-</u>
Current and Accrued Assets		
Customer Accounts Receivable	1,922,959	1,298,236
Allowance for Uncollectible Accounts	(55,250)	(71,468)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	1,916,798	1,571,614
Prepayments - Taxes	-	-
Interest and Dividends Receivable	47,650	95,350
Merchandise-Applian.& Supplies		
Accrued Utility Revenues	407,676	402,665
Current and Accrued Assets	<u>4,239,833</u>	<u>3,296,397</u>
Deferred Debits		
Goodwill	1,852,435	1,852,435
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	28,466	53,248
Accum. Deferred Income Taxes	88,090	186,111
Deferred Debits	<u>1,968,991</u>	<u>2,091,794</u>
ASSETS AND OTHER DEBITS	<u>18,353,087</u>	<u>14,989,659</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2005

	<u>Current</u>	<u>Last Year End</u>
Liabilities and Other Credits		
Proprietary Capital		
Common Stock Issued	10,000	10,000
Appropriated Retained Earnings	-	-
Unappropriated Retained Earnings	1,831,083	1,494,313
Proprietary Capital	<u>1,841,083</u>	<u>1,504,313</u>
Current and Accrued Liabilities		
Accounts Payable to Assoc. Companies	12,872,618	10,628,339
Customer Deposits	614,064	515,569
Taxes Accrued	(1,287,074)	(811,317)
Interest Accrued	2,264	2,451
Dividends Declared	-	-
Tax Collections Payable	75,765	73,578
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	515,562	168,277
Other Deferred Income Taxes - Other	-	-
Accumulated Deferred I.T.C.	418	4,424
Current and Accrued Liabilities	<u>12,793,617</u>	<u>10,581,321</u>
Operating Reserves		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax -		
Liberalized Depreciation	3,320,457	2,358,563
Accum. Deferred Income Taxes - Other	-	-
Operating Reserves	<u>3,320,457</u>	<u>2,358,563</u>
Year-to-Date Income/Loss	<u>397,930</u>	<u>58,759</u>
LIABILITIES AND OTHER CREDITS	<u>18,353,087</u>	<u>14,502,956</u>

Analysis of Diversification Activity
Individual Affiliated Transactions in Excess of \$500,000

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2005

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.

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, 2005

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.

(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 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.

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, 2005

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:		141,108	60,303	80,805	\$ N/A	\$ N/A	N/A
Flo-Gas Corporation	Meters	28,866	11,315	17,551	N/A	Transfer	N/A
	Transp Equipment	95,801	43,241	52,560	N/A	Transfer	N/A
	Regulators	2,637	1,032	1,606	N/A	Transfer	N/A
	Communication Equip	1,068	326	742	N/A	Transfer	N/A
	Computer Equipment	8,378	2,585	5,793	N/A	Transfer	N/A
	Misc. Equipment	4,358	1,805	2,553	N/A	Transfer	N/A
Sales to Affiliates:		25,297	11,399	13,898	\$ N/A	Sales Price	N/A
	Transp Equipment	24,550	10,993	13,557	N/A	Transfer	N/A
	Meters	747	406	341	N/A	Transfer	N/A

Analysis of Diversification Activity

Employee Transfers

Company: Florida Public Utilities Company

For the Year Ended December 31, 2005

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, 2005

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)
None		

NONUTILITY PROPERTY (Account 121)

1. Give a brief description and state the location of nonutility property included in Account 121.
 2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.
 3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
 4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.
 5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$100,000, whichever is less) may be grouped by (1) previously devoted to public service (line 39), or (2) other nonutility property (line 40).

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	123.1210.1 Non-Utility Property - Land - Central Florida	\$8,436		8,436
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39	Minor Items Previously Donated to Public Service			
40	Minor Items - Other Nonutility Property			
41	TOTAL	\$8,436	\$0	\$8,436

Number of Electric Department Employees

Company: Florida Public Utilities Company

For the Year Ended December 31, 2005

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1	Payroll Period Ended (Date)	11/03/06
2	Total Regular Full-Time Employees (Equivalent Employees from joint functions -6)	79
3	Total Part-Time and Temporary Employees	2
4	Total Employees	81

Operations

	2005		2004		2003		Current Year increase	Prior year Increase	Average Increase
	Customers		Customers		Customers				
	Current Year	Prior Year	Prior Year	Two Years Prior	Prior Year	Two Years Prior			
Operations									
Marianna - Electric	15,147	14,938			12,497		1%	16%	9%
Fernandina Beach - Electric	15,099	14,953			14,300		1%	4%	3%
Gas Operations	50,242	48,702			47,121		3%	3%	3%

December 31, 2005

**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND
INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425: Miscellaneous Amortization	None
2		
3	Account 426: Miscellaneous Income Deductions	
4	426.11 Charitable Contributions: Inside Service Area	13,428
5	426.12 Charitable Contributions: Outside Service Area	0
6	426.13 Civic and Social Club Dues	1,944
7	426.2 Life Insurance	0
8	426.3 Penalties	2,039
9	426.4 Expenditures for Lobbying and Other Politically Related Activities	106
10	426.5 Other	11,841
11		
12		
13	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	29,358
14		
15	Account 430: Interest on Debt to Associated Company	
16	Accounts Payable at 4.844% (12 mo. avg. of the interest rates applied)	(499,439)
17		
18		
19	Account 431: Other Interest Expense	
20	431.1 Interest on Customer Deposits	437,055
21	431.2 Interest on Notes Payable	78,900
22	431.3 Interest on Miscellaneous	0
23	TOTAL OTHER INTEREST EXPENSE	515,955
24		
25		
26		
27		
28		

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STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 01 through 20 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.
3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
4. Use page 122 for important notes regarding the statement of income or any account thereof.
5. Give concise explanations concerning unsettled rate

- proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account	Ref. Page No.	Total Current Year	Total Previous Year
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$22,603,920	\$20,198,678
3	Operating Expenses			
4	Operation Expenses (401)	320-323	16,800,745	15,002,047
5	Maintenance Expenses (402)	320-323	1,029,490	844,280
6	Depreciation Expense (403,405)	336-337	1,138,554	1,084,040
7	Amort. & Depl. of Utility Plant (404-405)	336-337	-	-
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	-	-
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	-
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		-	-
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)		2,033,764	1,764,106
14	Income Taxes - Federal (409.1)		602,209	(61,766)
15	- Other (409.1)		103,095	(10,534)
16	Provision for Deferred Inc. Taxes (410.1)	234,272-277	(366,670)	339,953
17	(Less) Provision for Deferred Income Taxes-Cr.(411.1)	234,272-277		
18	Investment Tax Credit Adj. - Net (411.4)	266	(12,703)	(14,115)
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
	TOTAL Utility Operating Expenses (Total of lines 4-18)		21,328,484	18,948,011
24	Net Utility Operating Income (Total of line 2 less 19) (Carry forward to page 117, line 25)		\$1,275,436	\$1,250,667

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for

reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	0	0
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	TOTAL Steam Production Plant (Enter Total of lines 8 through 14)	0	0
16	B. Nuclear Production Plant		
17	(320) Land and Land Rights		
18	(321) Structures and Improvements		
19	(322) Reactor Plant Equipment		
20	(323) Turbogenerator Units		
21	(324) Accessory Electric Equipment		
22	(325) Misc. Power Plant Equipment		
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22)	0	0
24	C. Hydraulic Production Plant		
25	(330) Land and Land Rights	0	
26	(331) Structures and Improvements		
27	(332) Reservoirs, Dams, and Waterways		
28	(333) Water Wheels, Turbines, and Generators		
29	(334) Accessory Electric Equipment		
30	(335) Misc. Power Plant Equipment		
31	(336) Roads, Railroads, and Bridges		
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31)	0	0
33	D. Other Production Plant		
34	(340) Land and Land Rights		
35	(341) Structures and Improvements		
36	(342) Fuel Holders, Products and Accessories		
37	(343) Prime Movers		
38	(344) Generators		
39	(345) Accessory Electric Equipment		

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement

showing subaccount classifications of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			\$0	(301)	1
			0	(302)	2
			0	(303)	3
0	0	0	0		4
					5
					6
			0	(310)	7
			0	(311)	8
			0	(312)	9
			0	(313)	10
			0	(314)	11
			0	(315)	12
0	0	0	0	(316)	13
					14
			0		15
			0	(320)	16
			0	(321)	17
			0	(322)	18
			0	(323)	19
			0	(324)	20
0	0	0	0	(325)	21
					22
			0	(330)	23
			0	(331)	24
			0	(332)	25
			0	(333)	26
			0	(334)	27
0	0	0	0	(335)	28
				(336)	29
					30
			0	(340)	31
			0	(341)	32
			0	(342)	33
			0	(343)	34
			0	(344)	35
			0	(345)	36
					37
					38
					39

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment		
41	TOTAL Other Production Plant (Enter Total of lines 34 through 40)	-	-
42	TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41)	-	-
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	-	-
45	(352) Structures and Improvements	-	-
46	(353) Station Equipment	-	-
47	(354) Towers and Fixtures	-	-
48	(355) Poles and Fixtures	-	-
49	(356) Overhead Conductors and Devices	-	-
50	(357) Underground Conduit	-	-
51	(358) Underground Conductors and Devices	-	-
52	(359) Roads and Trails	-	-
53	TOTAL Transmission Plant (Enter Total of lines 44 through 52)	-	-
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	22,300	-
56	(361) Structures and Improvements	-	-
57	(362) Station Equipment	959,645	19,708
58	(363) Storage Battery Equipment	-	-
59	(364) Poles, Towers, and Fixtures	6,105,198	239,495
60	(365) Overhead Conductors and Devices	5,872,592	144,776
61	(366) Underground Conduit	127,439	5,461
62	(367) Underground Conductors and Devices	700,318	31,290
63	(368) Line Transformers	5,633,244	225,542
64	(369) Services	3,062,193	182,652
65	(370) Meters	1,214,816	81,868
66	(371) Installations on Customer Premises	1,034,217	67,960
67	(372) Leased Property on Customer Premises	-	-
68	(373) Street Lighting and Signal Systems	352,943	11,352
69	TOTAL Distribution Plant (Enter Total of lines 55 through 68)	25,084,905	1,010,104
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	3,766	-
72	(390) Structures and Improvements	923,999	-
73	(391) Office Furniture and Equipment	120,393	-
74	(392) Transportation Equipment	1,435,709	40,744
75	(393) Stores Equipment	87,191	-
76	(394) Tools, Shop and Garage Equipment	26,888	-
77	(395) Laboratory Equipment	54,313	-
78	(396) Power Operated Equipment	5,103	-
79	(397) Communication Equipment	58,881	-
80	(398) Miscellaneous Equipment	9,512	-
81	SUBTOTAL (Enter Total of lines 71 through 80)	2,725,755	40,744
82	(399) Other Tangible Property	5,000	-
83	TOTAL General Plant (Enter Total of lines 81 and 82)	2,730,755	40,744
84	TOTAL (Accounts 101 and 106)	27,815,660	1,050,848
85	(102) Electric Plant Purchased	-	-
86	(Less) (102) Electric Plant Sold	-	-
87	(103) Experimental Plant Unclassified	-	-
88	TOTAL Electric Plant in Service	27,815,660	1,050,848

Northwest Division		An Original		December 31, 2005	
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			0	(346)	40
-	-	-	-		41
-	-		-		42
					43
-		-	-	(350)	44
-		-	-	(352)	45
-		-	-	(353)	46
-		-	-	(354)	47
-		-	-	(355)	48
-		-	-	(356)	49
-		-	-	(357)	50
-		-	-	(358)	51
-		-	-	(359)	52
	-	-	-		53
					54
-		-	22,300	(360)	55
-		-	-	(361)	56
(65,369)		-	913,984	(362)	57
-		-	-	(363)	58
(42,905)	-	-	6,301,788	(364)	59
(21,859)	-	-	5,995,509	(365)	60
-		-	132,900	(366)	61
(4,599)		-	727,009	(367)	62
(60,768)	-	-	5,798,018	(368)	63
(12,163)		-	3,232,682	(369)	64
(41,513)		-	1,255,171	(370)	65
(29,140)		-	1,073,037	(371)	66
-	-	-	-	(372)	67
(5,036)	-	-	359,259	(373)	68
(283,352)	-	-	25,811,657		69
					70
-	-	-	3,766	(389)	71
(827)		-	923,172	(390)	72
(19,759)	-	2,014	102,648	(391)	73
(79,516)		-	1,396,937	(392)	74
-		-	87,191	(393)	75
(4,578)		-	22,310	(394)	76
(605)		-	53,708	(395)	77
(1,172)		-	3,931	(396)	78
-		-	58,881	(397)	79
-		-	9,512	(398)	80
(106,457)	-	2,014	2,662,056		81
-	-	-	5,320,346	(399)	82
(106,457)	-	2,014	2,667,056		83
(389,809)	-	2,014	28,478,713		84
			-	(102)	85
			-	(103)	86
(389,809)	-	2,014	28,478,713		87
					88

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1.	Balance Beginning of Year	13,223,235	13,223,235		
2.	Depreciation Provisions for Year, Charged to				
3.	(403) Depreciation Expense	1,085,124	1,085,124		
4.	(413) Exp. of Elec. Plt. Leas. to Others				
5.	Transportation Expenses-Clearing	133,296	133,296		
6.	Other Clearing Accounts				
7.	Other Accounts (Specify):				
8.	Accrued Depreciation on Transfers	0	0		
9.	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	1,218,420	1,218,420		
10.	Net Charges for Plant Retired:				
11.	Book Cost of Plant Retired	(389,809)	(389,809)		
12.	Cost of Removal	(71,007)	(71,007)		
13.	Salvage (Credit)	18,469	18,469		
14.	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	(442,347)	(442,347)		
15.	Other Debit or Credit Items (Describe)				
16.	0	0	0		
17.	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	13,999,308	13,999,308		

Section B. Balances at End of Year According to Functional Classifications

18	Steam Production				
19	Nuclear Production				
20	Hydraulic Production - Conventional				
21	Hydraulic Production - Pumped Storage				
22	Other Production				
23	Transmission				
24	Distribution	12,839,140	12,839,140		
25	General	1,162,024	1,162,024		
26	Adjustment	0	0		
27	TOTAL (Enter Total of lines 18 thru 25)	14,001,164	14,001,164		

ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer

counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

OPERATING REVENUES			
Line No.	Title of Account (a)	Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	\$10,612,621	\$9,655,271
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	2,484,011	2,265,040
5	Large (or Industrial)	8,494,308	6,821,477
6	(443) Outdoor Lighting	684,680	604,917
7	(444) Public Street and Highway Lighting	174,369	155,763
8	(445) Other Sales to Public Authorities	0	0
9	(448) Interdepartmental Sales	10,649	0
10	(456.3) Unbilled Revenues	(51,468)	90,624
11			
12	TOTAL Sales to Ultimate Consumers	22,409,170	19,593,092
13	(447) Sales for Resale	0	0
14			
15	TOTAL Sales of Electricity	22,409,170	19,593,092
16	(Less) (449.1) Provision for Rate Refunds	0	0
17			
18	TOTAL Revenue Net of Provision for Refunds	22,409,170	19,593,092
19	Other Operating Revenues		
20	(450) Forfeited Discounts	187,936	185,764
21	(451) Miscellaneous Service Revenues	124,131	109,390
22	(453) Sales of Water and Water Power	0	0
23	(454) Rent from Electric Property	76,106	76,106
24	(455) Interdepartmental Rents	0	0
25	(456.2) Other Electric Revenues	5,610	3,923
26	(456.1) Overrecoveries Purchase Electric	(266,046)	183,893
27	(456.6) Conservation Overrecoveries	67,013	46,510
28			
29			
30	TOTAL Other Operating Revenues	194,750	605,586
31			
32	TOTAL Electric Operating Revenues	\$22,603,920	\$20,198,678

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
149,016	143,944	10,209	10,108	1
29,608	29,553	2,000	1,965	2
156,591	134,387	416	401	3
3,844	3,647	2,505	2,447	4
1,200	1,180	14	17	5
0	0	0	0	6
238	0	3	0	7
(3,411)	4,174	0	0	8
337,086	316,885	15,147	14,938	9
337,086	316,885	15,147	14,938	10
337,086	316,885	15,147	14,938	11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Account		Amount for Current Year	Amount for Previous Year
1	(1) POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	TOTAL Operation	-	-
13	Maintenance		
14	(510) Maintenance Supervision and Engineering		
15	(511) Maintenance of Structures		
16	(512) Maintenance of Boiler Plant		
17	(513) Maintenance of Electric Plant		
18	(514) Maintenance of Miscellaneous Steam Plant		
19	TOTAL Maintenance	-	-
20	TOTAL Power Production Expenses-Steam Plant	-	-
21	B. Nuclear Power Generation		
22	Operation		
23	(517) Operation Supervision and Engineering		
24	(518) Fuel		
25	(519) Coolants and Water		
26	(520) Steam Expenses		
27	(521) Steam from Other Sources		
28	(Less) (522) Steam Transferred-Cr.		
29	(523) Electric Expenses		
30	(524) Miscellaneous Nuclear Power Expenses		
31	(525) Rents		
32	TOTAL Operation	-	-
33	Maintenance		
34	(528) Maintenance Supervision and Engineering		
35	(529) Maintenance of Structures		
36	(530) Maintenance of Reactor Plant Equipment		
37	(531) Maintenance of Electric Plant		
38	(532) Maintenance of Miscellaneous Nuclear Plant		
39	TOTAL Maintenance	-	-
40	TOTAL Power Production Expenses-Nuclear Power	-	-
41	C. Hydraulic Power Generation		
42	Operation		
43	(535) Operation Supervision and Engineering	2	-
44	(536) Water for Power		
45	(537) Hydraulic Expenses	-	-
46	(538) Electric Expenses	-	-
47	(539) Miscellaneous Hydraulic Power Generation Expenses	-	-
48	(540) Rents		
49	TOTAL Operation	-	-

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
50 C. Hydraulic Power Generation (Continued)		
51 Maintenance		
52 (541) Maintenance Supervision and Engineering		
53 (542) Maintenance of Structures	-	-
54 (543) Maintenance of Reservoirs, Dams, and Waterways	-	-
55 (544) Maintenance of Electric Plant	-	-
56 (545) Maintenance of Miscellaneous Hydraulic Plant		
57 TOTAL Maintenance	-	-
58 TOTAL Power Production Expenses-Hydraulic Power	-	-
59 D. Other Power Generation		
60 Operation		
61 (546) Operation Supervision and Engineering		
62 (547) Fuel		
63 (548) Generation Expenses		
64 (549) Miscellaneous Other Power Generation Expenses		
65 (550) Rents		
66 TOTAL Operation	-	-
67 Maintenance		
68 (551) Maintenance Supervision and Engineering		
69 (552) Maintenance of Structures		
70 (553) Maintenance of Generating and Electric Plant		
71 (554) Maintenance of Miscellaneous Other Power Generation Plant	-	
72 TOTAL Maintenance	-	-
73 TOTAL Power Production Expenses-Other Power	-	-
74 E. Other Power Supply Expenses		
75 (555) Purchased Power	13,835,299	12,254,044
76 (556) System Control and Load Dispatching		
77 (557) Other Expenses	113,618	6,435
78 TOTAL Other Power Supply Expenses	13,948,917	12,260,479
79 TOTAL Power Production Expenses	13,948,917	12,260,479
80 2. TRANSMISSION EXPENSES		
81 Operation		
82 (560) Operation Supervision and Engineering		
83 (561) Load Dispatching		
84 (562) Station Expenses		
85 (563) Overhead Line Expenses		
86 (564) Underground Line Expenses		
87 (565) Transmission of Electricity by Others		
88 (566) Miscellaneous Transmission Expenses		
89 (567) Rents		
90 TOTAL Operation	-	-
91 Maintenance		
92 (568) Maintenance Supervision and Engineering		
93 (569) Maintenance of Structures		
94 (570) Maintenance of Station Equipment		
95 (571) Maintenance of Overhead Lines		
96 (572) Maintenance of Underground Lines		
97 (573) Maintenance of Miscellaneous Transmission Plant		
98 TOTAL Maintenance	-	-
99 TOTAL Transmission Expenses	-	-
100 3. DISTRIBUTION EXPENSES		
101 Operation		
102 (580) Operation Supervision and Engineering	170,904	149,225
103 (581) Load Dispatching		

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
104 3. DISTRIBUTION EXPENSES (Continued)		
105		
106 (582) Station Expenses	8,942	9,098
107 (583) Overhead Line Expenses	74,991	61,018
108 (584) Underground Line Expenses	668	105
109 (585) Street Lighting and Signal System Expenses	9,752	13,635
110 (586) Meter Expenses	155,673	141,442
111 (587) Customer Installations Expenses	51,282	54,887
112 (588) Miscellaneous Distribution Expenses	120,605	90,550
113 (589) Rents	644	753
114 TOTAL Operation	593,461	520,713
115 Maintenance		
116 (590) Maintenance Supervision and Engineering	27,973	26,285
117 (591) Maintenance of Structures	0	0
118 (592) Maintenance of Station Equipment	5,906	10,328
119 (593) Maintenance of Overhead Lines	847,113	660,126
120 (594) Maintenance of Underground Lines	8,848	7,950
121 (595) Maintenance of Line Transformers	54,257	47,696
122 (596) Maintenance of Street Lighting and Signal Systems	8,097	11,234
123 (597) Maintenance of Meters	16,565	21,581
124 (598) Maintenance of Miscellaneous Distribution Plant	28,875	34,812
125 TOTAL Maintenance	997,634	820,012
126 TOTAL Distribution Expenses	1,591,095	1,340,725
127 4. CUSTOMER ACCOUNTS EXPENSES		
128 Operation		
129 (901) Supervision	58,838	53,775
130 (902) Meter Reading Expenses	139,470	154,352
131 (903) Customer Records and Collection Expenses	351,846	333,862
132 (904) Uncollectible Accounts	1,182	48,488
133 (905) Miscellaneous Customer Accounts Expenses	45,873	34,194
134 TOTAL Customer Accounts Expenses	597,209	624,671
135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136 Operation		
137 (907) Supervision	39,698	29,222
138 (908) Customer Assistance Expenses	108,620	82,066
139 (909) Informational and Instructional Expenses	88,593	79,992
140 (910) Misc. Cust. Service & Informational -Includes underrecovery (906)	14,351	20,780
141 TOTAL Cust. Service and Informational Expenses	251,262	212,060
142 6. SALES EXPENSES		
143 Operation		
144 (911) Supervision	-	-
145 (912) Demonstrating and Selling Expenses	-	-
146 (913) Advertising Expenses	9,964	3,670
147 (916) Miscellaneous Sales Expenses	-	18
148 TOTAL Sales Expenses	9,964	3,688
149 7. ADMINISTRATIVE AND GENERAL EXPENSES		
150 Operation		
151 (920) Administrative and General Salaries	353,165	359,745
152 (921) Office Supplies and Expenses	101,273	92,531
153 (Less) (922) Administrative expenses Transferred-Cr.	-	-
154 (923) Outside Services Employed	73,310	45,463
155 (924) Property Insurance	132,242	138,042
156 (925) Injuries and Damages	208,197	273,863
157 (926) Employee Pensions and Benefits	418,845	393,797

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
157 7. ADMINISTRATIVE AND GENERAL EXPENSES		
158 (927) Franchise Requirements		
159 (928) Regulatory Commission Expenses	56,463	31,167
160 (Less) (929) Duplicate Charges-Cr.		
161 (930.1) General Advertising Expenses	0	87
162 (930.2) Miscellaneous General Expenses	52,931	42,701
163 (931) Rents	3,506	3,040
164 TOTAL Operation	1,399,932	1,380,436
165 Maintenance		
166 (935) Maintenance of General Plant	31,856	24,268
167 TOTAL Administrative and General Expenses	1,431,788	1,404,704
168 TOTAL Electric Operation and Maintenance Expenses	17,830,235	15,846,327

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1	Payroll Period Ended (Date)	11/3/2006
2	Total Regular Full-Time Employees	36
3	Total Part-Time and Temporary Employees	1
4	Total Employees	37

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)
(Except amortization of acquisition adjustments)

1. Report in Section A for the year the amounts for:
(a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).

2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.

3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.

Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.

In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional

classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.

For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.

If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.

4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Acct. 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant				
2	Steam Production Plant				
3	Nuclear Production Plant				
4	Hydraulic Production Plant-Conventional	0			0
5	Hydraulic Production Plant-Pumped Storage	0			0
6	Other Production Plant	0			0
7	Transmission Plant	0			0
8	Distribution Plant	1,025,990			1,025,990
9	General Plant	59,134			59,134
10	Common Plant-Electric	53,368			53,368
11	Adjustment*	61			61
12	TOTAL	\$1,138,553	\$0	\$0	\$1,138,553

B. Basis for Amortization Charges

*payroll entry booked in 7/05 in error

FLORIDA PUBLIC UTILITIES COMPANY
NORTHWEST ELECTRIC DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
2005

PLANT IN SERVICE (\$)										RESERVE (\$)					(CREDIT BALANCES)		
Plant	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance	
350	-	-	-	-	-	-	350	-	-	-	-	-	-	-	-	-	
3501	-	-	-	-	-	-	3501	-	-	-	-	-	-	-	-	-	
352	-	-	-	-	-	-	352	-	-	-	-	-	-	-	-	-	
353	-	-	-	-	-	-	353	-	-	-	-	-	-	-	-	-	
354	-	-	-	-	-	-	354	-	-	-	-	-	-	-	-	-	
355	-	-	-	-	-	-	355	-	-	-	-	-	-	-	-	-	
356	-	-	-	-	-	-	356	-	-	-	-	-	-	-	-	-	
359	-	-	-	-	-	-	359	-	-	-	-	-	-	-	-	-	
360	1,100	-	-	-	-	1,100	360	-	-	-	-	-	-	-	-	-	
3601	21,200	-	-	-	-	21,200	3601	3,999	-	408	-	-	-	-	-	4,407	
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-	
362	959,645	19,708	-	-	(65,369)	913,984	362	499,589	(65,369)	27,948	-	-	-	-	-	462,168	
364	6,105,198	239,495	-	-	(42,905)	6,301,788	364	2,590,906	(42,905)	260,631	1,518	(29,276)	1,439	-	-	2,782,313	
365	5,872,592	144,776	-	-	(21,859)	5,995,509	365	2,917,493	(21,859)	225,352	7,453	(20,449)	1,695	-	-	3,109,685	
366	127,439	5,461	-	-	-	132,900	366	33,626	-	2,609	174	-	-	-	-	36,409	
367	700,318	31,290	-	-	(4,599)	727,009	367	170,577	(4,599)	20,579	2,854	-	-	-	-	189,411	
368	5,633,244	225,542	-	-	(60,768)	5,798,018	368	3,369,857	(60,768)	240,471	756	(7,804)	299	-	-	3,542,811	
369	3,062,193	182,652	-	-	(12,163)	3,232,682	369	1,436,532	(12,163)	119,208	3,394	(6,373)	423	-	-	1,541,021	
370	1,214,816	81,868	-	-	(41,513)	1,255,171	370	718,657	(41,513)	44,801	-	(2,643)	-	-	-	719,302	
371	1,034,217	67,960	-	-	(29,140)	1,073,037	371	311,384	(29,140)	64,029	2,252	(3,992)	-	-	-	344,533	
373	352,943	11,352	-	-	(5,036)	359,259	373	92,564	(5,036)	19,954	68	(470)	-	-	-	107,080	
389	3,766	-	-	-	-	3,766	389	-	-	-	-	-	-	-	-	-	
390	923,999	-	-	-	(827)	923,172	390	196,942	(827)	18,480	-	-	-	-	-	214,595	
3911	2,656	-	-	-	-	2,656	3911	2,656	-	-	-	-	-	-	-	2,656	
3912	13,755	-	-	-	(2,085)	11,670	3912	9,360	(2,085)	1,149	-	-	-	-	-	8,424	
3913	103,982	-	-	2,014	(17,674)	88,322	3913	74,437	(17,674)	10,768	-	-	-	-	-	67,531	
391305	-	-	-	-	-	-	391305	-	-	-	-	-	-	-	-	-	
3921	41,517	-	-	-	-	41,517	3921	29,987	-	3,816	-	-	-	-	-	33,803	
3922	196,066	40,744	-	-	-	236,810	3922	87,096	-	24,456	-	-	-	-	-	111,552	
3923	1,129,750	-	-	-	(79,516)	1,050,234	3923	521,766	(79,516)	102,288	-	-	-	-	-	544,538	
3924	68,376	-	-	-	-	68,376	3924	12,759	-	2,736	-	-	-	-	-	15,495	
3931	86,430	-	-	-	-	86,430	3931	64,316	-	9,342	-	-	-	-	-	73,658	
3932	761	-	-	-	-	761	3932	678	-	84	-	-	-	-	-	762	
3941	4,952	-	-	-	(588)	4,364	3941	3,765	(588)	593	-	-	-	-	-	3,770	
3942	21,936	-	-	-	(3,990)	17,946	3942	17,395	(3,990)	1,362	-	-	-	-	-	14,767	
3951	32,991	-	-	-	-	32,991	3951	13,548	-	4,574	-	-	-	-	-	18,122	
3952	21,322	-	-	-	(605)	20,717	3952	14,652	(605)	1,720	-	-	-	-	-	15,767	
396	5,103	-	-	-	(1,172)	3,931	396	2,154	(1,172)	294	-	-	-	-	-	1,276	
397	58,881	-	-	-	-	58,881	397	21,110	-	8,496	-	-	-	-	-	29,606	
398	9,512	-	-	-	-	9,512	398	4,430	-	1,272	-	-	-	-	-	5,702	
399	5,000	-	-	-	-	5,000	399	1,000	-	1,000	-	-	-	-	-	2,000	
27,815,660		1,050,848	-	2,014	(389,809)	28,478,713		13,223,235	(389,809)	1,218,420	18,469	(71,007)	3,856	-	-	14,003,164	

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 01 through 20 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.
3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
4. Use page 122 for important notes regarding the statement of income or any account thereof.
5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account	Ref. Page No.	Total Current Year	Total Previous Year
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$24,845,638	\$22,711,170
3	Operating Expenses			
4	Operation Expenses (401)	320-323	18,624,845	17,086,942
5	Maintenance Expenses (402)	320-323	1,014,643	802,664
6	Depreciation Expense (403,405)	336-337	1,381,950	1,336,093
7	Amort. & Depl. of Utility Plant (404-405)	336-337	-	-
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	-	-
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	-
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		-	-
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)		1,923,810	1,636,940
14	Income Taxes - Federal (409.1)		909,347	(227,605)
15	- Other (409.1)		155,644	(38,952)
16	Provision for Deferred Inc. Taxes (410.1)	234,272-277	(702,200)	603,315
17	(Less) Provision for Deferred Income Taxes-Cr.(411.1)	234,272-277		
18	Investment Tax Credit Adj. - Net (411.4)	266	(22,285)	(25,613)
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
	TOTAL Utility Operating Expenses (Total of lines 4-18)		23,285,754	21,173,784
24	Net Utility Operating Income (Total of line 2 less 19) (Carry forward to page 117, line 25)		\$1,559,884	\$1,537,386

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for

reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	0	0
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	TOTAL Steam Production Plant (Enter Total of lines 8 through 14)	0	0
16	B. Nuclear Production Plant		
17	(320) Land and Land Rights		
18	(321) Structures and Improvements		
19	(322) Reactor Plant Equipment		
20	(323) Turbogenerator Units		
21	(324) Accessory Electric Equipment		
22	(325) Misc. Power Plant Equipment		
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22)	0	0
24	C. Hydraulic Production Plant		
25	(330) Land and Land Rights	0	
26	(331) Structures and Improvements		
27	(332) Reservoirs, Dams, and Waterways		
28	(333) Water Wheels, Turbines, and Generators		
29	(334) Accessory Electric Equipment		
30	(335) Misc. Power Plant Equipment		
31	(336) Roads, Railroads, and Bridges		
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31)	0	0
33	D. Other Production Plant		
34	(340) Land and Land Rights		
35	(341) Structures and Improvements		
36	(342) Fuel Holders, Products and Accessories		
37	(343) Prime Movers		
38	(344) Generators		
39	(345) Accessory Electric Equipment		

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement

showing subaccount classifications of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			\$0	(301)	1
			0	(302)	2
			0	(303)	3
0	0	0	0		4
					5
					6
			0	(310)	7
			0	(311)	8
			0	(312)	9
			0	(313)	10
			0	(314)	11
			0	(315)	12
0	0	0	0	(316)	13
					14
			0	(320)	15
			0	(321)	16
			0	(322)	17
			0	(323)	18
			0	(324)	19
0	0	0	0	(325)	20
					21
			0	(330)	22
			0	(331)	23
			0	(332)	24
			0	(333)	25
			0	(334)	26
			0	(335)	27
0	0	0	0	(336)	28
					29
			0	(340)	30
			0	(341)	31
			0	(342)	32
			0	(343)	33
			0	(344)	34
			0	(345)	35
					36
					37
					38
					39

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment		
41	TOTAL Other Production Plant (Enter Total of lines 34 through 40)	0	0
42	TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41)	0	0
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	74,148	0
45	(352) Structures and Improvements	26,401	0
46	(353) Station Equipment	1,962,229	629,426
47	(354) Towers and Fixtures	244,665	0
48	(355) Poles and Fixtures	2,350,515	40,759
49	(356) Overhead Conductors and Devices	1,806,407	24,155
50	(357) Underground Conduit	0	0
51	(358) Underground Conductors and Devices	0	0
52	(359) Roads and Trails	6,788	0
53	TOTAL Transmission Plant (Enter Total of lines 44 through 52)	6,471,153	694,340
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	10,160	0
56	(361) Structures and Improvements	96,042	0
57	(362) Station Equipment	2,373,341	2,372,401
58	(363) Storage Battery Equipment	0	0
59	(364) Poles, Towers, and Fixtures	2,087,567	168,041
60	(365) Overhead Conductors and Devices	3,087,719	125,410
61	(366) Underground Conduit	1,940,242	297,545
62	(367) Underground Conductors and Devices	3,266,323	420,278
63	(368) Line Transformers	6,581,153	322,779
64	(369) Services	4,325,548	264,624
65	(370) Meters	1,957,081	97,659
66	(371) Installations on Customer Premises	702,942	57,947
67	(372) Leased Property on Customer Premises	0	0
68	(373) Street Lighting and Signal Systems	760,447	34,624
69	TOTAL Distribution Plant (Enter Total of lines 55 through 68)	27,188,565	4,161,308
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	68,696	0
72	(390) Structures and Improvements	452,149	40,815
73	(391) Office Furniture and Equipment	449,149	9,101
74	(392) Transportation Equipment	1,252,530	0
75	(393) Stores Equipment	20,488	0
76	(394) Tools, Shop and Garage Equipment	107,527	9,557
77	(395) Laboratory Equipment	42,389	1,260
78	(396) Power Operated Equipment	111,539	1,498
79	(397) Communication Equipment	107,469	0
80	(398) Miscellaneous Equipment	11,180	0
81	SUBTOTAL (Enter Total of lines 71 through 80)	2,623,116	62,231
82	(399) Other Tangible Property	5,000	0
83	TOTAL General Plant (Enter Total of lines 81 and 82)	2,628,116	62,231
84	TOTAL (Accounts 101 and 106)	36,287,834	4,917,879
85	(102) Electric Plant Purchased	0	0
86	(Less) (102) Electric Plant Sold		
87	(103) Experimental Plant Unclassified	0	0
88	TOTAL Electric Plant in Service	\$36,287,834	\$4,917,879

Northeast Division		An Original			December 31, 2005	
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)						
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.	
			0	(346)	40	
0	0	0	0		41	
0	0	0	0		42	
0	0	0			43	
(4,395)	0	0	74,148	(350)	44	
(177,023)	0	0	22,006	(352)	45	
0	0	0	2,414,632	(353)	46	
(91,871)	0	0	244,665	(354)	47	
(4,936)	0	(20,000)	2,279,403	(355)	48	
0	0	34,870	1,860,496	(356)	49	
0	0	0	0	(357)	50	
0	0	0	0	(358)	51	
0	0	0	6,788	(359)	52	
(278,225)	0	14,870	6,902,138		53	
0	0	0			54	
0	0	0	10,160	(360)	55	
(519,269)	0	0	96,042	(361)	56	
0	0	0	4,226,473	(362)	57	
(5,474)	0	0	0	(363)	58	
(5,216)	0	(38,849)	2,211,285	(364)	59	
0	0	18,482	3,226,395	(365)	60	
(4,583)	0	2,235	2,240,022	(366)	61	
(25,704)	0	1,905	3,683,923	(367)	62	
(905)	0	0	6,878,228	(368)	63	
(27,071)	0	0	4,589,267	(369)	64	
(1,594)	0	0	2,027,669	(370)	65	
0	0	0	759,295	(371)	66	
(3,033)	0	0	0	(372)	67	
(592,849)	0	1,357	793,395	(373)	68	
		(14,870)	30,742,154		69	
0	0	0			70	
0	0	0	68,696	(389)	71	
(18,796)	0	0	492,964	(390)	72	
0	0	12,379	451,833	(391)	73	
0	0	(21,789)	1,230,741	(392)	74	
0	0	0	20,488	(393)	75	
(6,286)	0	0	110,798	(394)	76	
(1,601)	0	0	42,048	(395)	77	
(5,350)	0	0	107,687	(396)	78	
(10,999)	0	0	96,470	(397)	79	
(3,705)	0	0	7,475	(398)	80	
(46,737)	0	(9,410)	2,629,200		81	
0	0	0	5,000	(399)	82	
(46,737)	0	(9,410)	2,634,200		83	
(917,811)	0	(9,410)	40,278,492		84	
0			0	(102)	85	
0			0	(103)	86	
(\$917,811)	\$0	(\$9,410)	40,278,492		87	
					88	

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.

2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.

3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1.	Balance Beginning of Year	15,413,610	15,413,610		
2.	Depreciation Provisions for Year, Charged to				
3.	(403) Depreciation Expense	1,318,759	1,318,759		
4.	(413) Exp. of Elec. Plt. Leas. to Others				
5.	Transportation Expenses-Clearing	122,352	122,352		
6.	Other Clearing Accounts				
7.	Other Accounts (Specify):				
8.	Accrued Depreciation on Transfers	(18,457)	(18,457)		
9.	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	1,422,654	1,422,654		
10.	Net Charges for Plant Retired:				
11.	Book Cost of Plant Retired	(917,812)	(917,812)		
12.	Cost of Removal	(176,784)	(176,784)		
13.	Salvage (Credit)	17,060	17,060		
14.	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	(1,077,536)	(1,077,536)		
15.	Other Debit or Credit Items (Describe)				
16.		0	0		
17.	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	15,758,728	15,758,728		

Section B. Balances at End of Year According to Functional Classifications

18	Steam Production				
19	Nuclear Production				
20	Hydraulic Production - Conventional	0	0		
21	Hydraulic Production - Pumped Storage				
22	Other Production	0	0		
23	Transmission	2,017,455	2,017,455		
24	Distribution	11,876,495	11,876,495		
25	General	1,862,778	1,862,778		
26	Adjustments	0	0		
27	TOTAL (Enter Total of lines 18 thru 25)	15,756,728	15,756,728		

ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer

counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

OPERATING REVENUES			
Line No.	Title of Account (a)	Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	\$12,382,892	\$10,222,478
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	1,929,945	1,672,842
5	Large (or Industrial)	10,414,285	8,568,538
6	(443) Outdoor Lighting	363,632	330,275
7	(444) Public Street and Highway Lighting	114,777	102,965
8	(445) Other Sales to Public Authorities	0	0
9	(448) Interdepartmental Sales	20,398	25,164
10	(456.3) Unbilled Revenues	(86,435)	(21,970)
11			
12	TOTAL Sales to Ultimate Consumers	25,139,494	20,900,292
13	(447) Sales for Resale		
14			
15	TOTAL Sales of Electricity	25,139,494	20,900,292
16	(Less) (449.1) Provision for Rate Refunds	0	0
17			
18	TOTAL Revenue Net of Provision for Refunds	25,139,494	20,900,292
19	Other Operating Revenues		
20	(450) Forfeited Discounts	168,777	166,148
21	(451) Miscellaneous Service Revenues	122,012	90,705
22	(453) Sales of Water and Water Power	0	0
23	(454) Rent from Electric Property	40,097	29,513
24	(455) Interdepartmental Rents	0	0
25	(456.2) Other Electric Revenues	3,172	(1,943)
26	(456.1) Overrecoveries Purchase Electric	(585,741)	1,598,259
27	(456.6) Overrecoveries Conservation	(42,173)	(71,804)
28			
29			
30	TOTAL Other Operating Revenues	(293,856)	1,810,878
31			
32	TOTAL Electric Operating Revenues	\$24,845,638	\$22,711,170

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
201,643	192,870	12,911	12,770	1
30,375	30,207	1,385	1,388	2
249,603	228,347	298	284	3
1,180	1,281	491	500	4
776	684	5	5	5
0	0	0	0	6
571	582	9	6	7
(6,881)	(4,507)	0	0	8
477,267	449,464	15,099	14,953	9
477,267	449,464	15,099	14,953	10
477,267	449,464	15,099	14,953	11

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Account	Amount for Current Year	Amount for Previous Year
1 (1) POWER PRODUCTION EXPENSES		
2 A. Steam Power Generation		
3 Operation		
4 (500) Operation Supervision and Engineering		
5 (501) Fuel		
6 (502) Steam Expenses		
7 (503) Steam from Other Sources		
8 (Less) (504) Steam Transferred-Cr.		
9 (505) Electric Expenses		
10 (506) Miscellaneous Steam Power Expenses		
11 (507) Rents		
12 TOTAL Operation	-	-
13 Maintenance		
14 (510) Maintenance Supervision and Engineering		
15 (511) Maintenance of Structures		
16 (512) Maintenance of Boiler Plant		
17 (513) Maintenance of Electric Plant		
18 (514) Maintenance of Miscellaneous Steam Plant		
19 TOTAL Maintenance	-	-
20 TOTAL Power Production Expenses-Steam Plant	-	-
21 B. Nuclear Power Generation		
22 Operation		
23 (517) Operation Supervision and Engineering		
24 (518) Fuel		
25 (519) Coolants and Water		
26 (520) Steam Expenses		
27 (521) Steam from Other Sources		
28 (Less) (522) Steam Transferred-Cr.		
29 (523) Electric Expenses		
30 (524) Miscellaneous Nuclear Power Expenses		
31 (525) Rents		
32 TOTAL Operation	-	-
33 Maintenance		
34 (528) Maintenance Supervision and Engineering		
35 (529) Maintenance of Structures		
36 (530) Maintenance of Reactor Plant Equipment		
37 (531) Maintenance of Electric Plant		
38 (532) Maintenance of Miscellaneous Nuclear Plant		
39 TOTAL Maintenance	-	-
40 TOTAL Power Production Expenses-Nuclear Power	-	-
41 C. Hydraulic Power Generation		
42 Operation		
43 (535) Operation Supervision and Engineering	-	-
44 (536) Water for Power		
45 (537) Hydraulic Expenses	-	-
46 (538) Electric Expenses	-	-
47 (539) Miscellaneous Hydraulic Power Generation Expenses	-	-
48 (540) Rents		
49 TOTAL Operation	-	-

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
50 C. Hydraulic Power Generation (Continued)		
51 Maintenance		
52 (541) Maintenance Supervision and Engineering		
53 (542) Maintenance of Structures	-	-
54 (543) Maintenance of Reservoirs, Dams, and Waterways	-	-
55 (544) Maintenance of Electric Plant	-	-
56 (545) Maintenance of Miscellaneous Hydraulic Plant		
57 TOTAL Maintenance	-	-
58 TOTAL Power Production Expenses-Hydraulic Power	-	-
59 D. Other Power Generation		
60 Operation		
61 (546) Operation Supervision and Engineering		
62 (547) Fuel		
63 (548) Generation Expenses		
64 (549) Miscellaneous Other Power Generation Expenses		
65 (550) Rents		
66 TOTAL Operation	-	-
67 Maintenance		
68 (551) Maintenance Supervision and Engineering		
69 (552) Maintenance of Structures		
70 (553) Maintenance of Generating and Electric Plant		
71 (554) Maintenance of Miscellaneous Other Power Generation Plant	-	-
72 TOTAL Maintenance	-	-
73 TOTAL Power Production Expenses-Other Power	-	-
74 E. Other Power Supply Expenses		
75 (555) Purchased Power	15,648,010	14,468,288
76 (556) System Control and Load Dispatching		
77 (557) Other Expenses	123,198	140
78 TOTAL Other Power Supply Expenses	15,771,208	14,468,428
79 TOTAL Power Production Expenses	15,771,208	14,468,428
80 2. TRANSMISSION EXPENSES		
81 Operation		
82 (560) Operation Supervision and Engineering		
83 (561) Load Dispatching		
84 (562) Station Expenses	11,613	13,098
85 (563) Overhead Line Expenses		
86 (564) Underground Line Expenses		
87 (565) Transmission of Electricity by Others		
88 (566) Miscellaneous Transmission Expenses	4,473	-
89 (567) Rents		
90 TOTAL Operation	16,086	13,098
91 Maintenance		
92 (568) Maintenance Supervision and Engineering		
93 (569) Maintenance of Structures		
94 (570) Maintenance of Station Equipment	60,096	10,854
95 (571) Maintenance of Overhead Lines	52,312	8,617
96 (572) Maintenance of Underground Lines		
97 (573) Maintenance of Miscellaneous Transmission Plant	-	-
98 TOTAL Maintenance	112,408	19,471
99 TOTAL Transmission Expenses	128,494	32,569
100 3. DISTRIBUTION EXPENSES		
101 Operation		
102 (580) Operation Supervision and Engineering	162,948	133,303
103 (581) Load Dispatching	591	10

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
104 3. DISTRIBUTION EXPENSES (Continued)		
105		
106 (582) Station Expenses	40,990	29,883
107 (583) Overhead Line Expenses	6,409	4,671
108 (584) Underground Line Expenses	27,672	27,563
109 (585) Street Lighting and Signal System Expenses	3,878	7,749
110 (586) Meter Expenses	94,502	86,286
111 (587) Customer Installations Expenses	35,324	53,310
112 (588) Miscellaneous Distribution Expenses	108,783	86,352
113 (589) Rents	-	16,068
114 TOTAL Operation	481,097	445,195
115 Maintenance		
116 (590) Maintenance Supervision and Engineering	104,824	124,200
117 (591) Maintenance of Structures	12,939	2,066
118 (592) Maintenance of Station Equipment	164,425	49,254
119 (593) Maintenance of Overhead Lines	336,499	329,453
120 (594) Maintenance of Underground Lines	124,507	137,431
121 (595) Maintenance of Line Transformers	41,904	54,341
122 (596) Maintenance of Street Lighting and Signal Systems	22,044	16,674
123 (597) Maintenance of Meters	11,758	8,713
124 (598) Maintenance of Miscellaneous Distribution Plant	36,936	35,382
125 TOTAL Maintenance	855,836	757,514
126 TOTAL Distribution Expenses	1,336,933	1,202,709
127 4. CUSTOMER ACCOUNTS EXPENSES		
128 Operation		
129 (901) Supervision	114,284	100,090
130 (902) Meter Reading Expenses	94,743	78,595
131 (903) Customer Records and Collection Expenses	393,912	405,013
132 (904) Uncollectible Accounts	(8,977)	24,455
133 (905) Miscellaneous Customer Accounts Expenses	34,624	48,056
134 TOTAL Customer Accounts Expenses	628,586	656,209
135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136 Operation		
137 (907) Supervision	37,679	25,073
138 (908) Customer Assistance Expenses	87,953	71,772
139 (909) Informational and Instructional Expenses	88,145	56,932
140 (910) Misc. Cust. Service and Informational -Includes underrecovery	8,572	16,667
141 TOTAL Cust. Service and Informational Expenses	222,349	170,444
142 6. SALES EXPENSES		
143 Operation		
144 (911) Supervision	-	-
145 (912) Demonstrating and Selling Expenses	-	-
146 (913) Advertising Expenses	11,883	15,359
147 (916) Miscellaneous Sales Expenses	1,998	2,456
148 TOTAL Sales Expenses	13,881	17,815
149 7. ADMINISTRATIVE AND GENERAL EXPENSES		
150 Operation		
151 (920) Administrative and General Salaries	477,812	465,552
152 (921) Office Supplies and Expenses	106,274	102,767
153 (Less) (922) Administrative expenses Transferred-Cr.	-	-
154 (923) Outside Services Employed	78,555	45,578
155 (924) Property Insurance	42,817	43,674
156 (925) Injuries and Damages	218,602	201,319
157 (926) Employee Pensions and Benefits	451,987	374,280

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account		Amount for Current Year	Amount for Previous Year
157	7. ADMINISTRATIVE AND GENERAL EXPENSES		
158	(927) Franchise Requirements		
159	(928) Regulatory Commission Expenses	62,372	34,934
160	(Less) (929) Duplicate Charges-Cr.	0	-
161	(930.1) General Advertising Expenses	0	165
162	(930.2) Miscellaneous General Expenses	49,690	44,210
163	(931) Rents	3,529	3,274
164	TOTAL Operation	1,491,638	1,315,753
165	Maintenance		
166	(935) Maintenance of General Plant	46,399	25,679
167	TOTAL Administrative and General Expenses	1,538,037	1,341,432
168	TOTAL Electric Operation and Maintenance Expenses	19,639,488	17,889,606

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1	Payroll Period Ended (Date)	11/3/2006
2	Total Regular Full-Time Employees (Equivalent Employees from joint functions -6)	43
3	Total Part-Time and Temporary Employees	1
4	Total Employees	44

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)

(Except amortization of acquisition adjustments)

1. Report in Section A for the year the amounts for:
(a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).
2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.

Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.

In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional

classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.

For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.

If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.

4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Acct. 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant				
2	Steam Production Plant				
3	Nuclear Production Plant				
4	Hydraulic Production Plant-Conventional	0			0
5	Hydraulic Production Plant-Pumped Storage	0			0
6	Other Production Plant	0			0
7	Transmission Plant	198,326			198,326
8	Distribution Plant	1,037,216			1,037,216
9	General Plant	83,217			83,217
10	Common Plant-Electric *	63,192			63,192
11	TOTAL	\$1,381,951	\$0	\$0	\$1,381,951

B. Basis for Amortization Charges

* Not included on page 219, Line 3.

FLORIDA PUBLIC UTILITIES COMPANY
NORTHEAST FLORIDA ELECTRIC DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
2005

PLANT IN SERVICE (\$)										RESERVE (\$)					(CREDIT BALANCES)		
Plant	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance	
350	17,629	-	-	-	-	17,629	350	-	-	-	-	-	-	-	-	-	
3501	56,519	-	-	-	-	56,519	3501	31,292	-	1,248	-	-	-	-	-	32,540	
352	26,401	-	-	-	(4,395)	22,006	352	13,429	(4,395)	479	301	-	-	-	-	9,814	
353	1,962,229	629,426	-	-	(177,023)	2,414,632	353	730,765	(177,023)	45,416	-	(45,331)	-	-	-	553,827	
354	244,665	-	-	(20,000)	-	224,665	354	171,555	-	5,166	-	(12)	-	(14,208)	-	162,501	
355	2,350,515	40,759	-	34,870	(91,871)	2,334,273	355	721,409	(91,871)	87,895	-	-	-	22,178	-	739,611	
356	1,806,407	24,155	-	-	(4,936)	1,825,626	356	468,383	(4,936)	57,858	-	(5,796)	-	-	-	515,509	
359	6,788	-	-	-	-	6,788	359	3,389	-	264	-	-	-	-	-	3,653	
360	9,972	-	-	-	-	9,972	360	-	-	-	-	-	-	-	-	-	
3601	188	-	-	-	-	188	3601	133	-	-	-	-	-	-	-	133	
361	96,042	-	-	-	-	96,042	361	26,395	-	2,112	-	-	-	-	-	28,507	
362	2,373,341	2,372,401	-	-	(519,269)	4,226,473	362	1,108,009	(519,270)	72,954	-	(20,133)	-	-	-	641,560	
364	2,087,567	168,041	-	(38,849)	(5,474)	2,211,285	364	951,615	(5,474)	90,014	1,199	(36,197)	-	(17,934)	-	983,223	
365	3,087,719	125,410	-	18,482	(5,216)	3,226,395	365	1,441,697	(5,216)	119,885	4,715	(30,183)	-	8,527	-	1,539,425	
366	1,940,242	297,545	-	2,235	-	2,240,022	366	421,058	-	42,405	1,022	(218)	-	455	-	464,722	
367	3,266,323	420,278	-	1,905	(4,583)	3,683,923	367	1,172,144	(4,583)	101,762	211	(3,506)	-	656	-	1,266,684	
368	6,581,153	322,779	-	-	(25,704)	6,878,228	368	3,152,651	(25,704)	279,683	1,589	(13,897)	-	-	-	3,394,322	
369	4,325,548	264,624	-	-	(905)	4,589,267	369	1,780,881	(905)	169,005	5,490	(13,805)	-	-	-	1,940,666	
370	1,957,081	97,659	-	-	(27,071)	2,027,669	370	1,023,896	(27,071)	71,446	159	(4,435)	-	-	-	1,063,995	
371	702,942	57,947	-	-	(1,594)	759,295	371	204,063	(1,594)	44,569	1,209	(1,056)	-	-	-	247,151	
373	760,447	34,624	-	1,357	(3,033)	793,395	373	267,064	(3,033)	43,381	15	(1,647)	-	327	-	306,107	
389	68,696	-	-	-	-	68,696	389	6,704	-	-	-	-	-	-	-	6,704	
390	452,149	40,815	-	-	-	492,964	390	211,901	-	9,240	-	(528)	-	-	-	220,613	
3911	4,713	-	-	-	-	4,713	3911	3,723	-	329	-	-	-	-	-	4,052	
3912	22,301	-	-	-	(5,919)	16,382	3912	20,389	(5,919)	1,950	-	-	-	-	-	16,420	
3913	422,135	9,101	(321,670)	12,379	(12,877)	109,068	3913	344,317	(12,877)	40,203	-	-	-	-	(279,906)	91,737	
391305	-	-	321,670	-	-	321,670	391305	-	-	5,361	-	-	-	-	279,906	285,267	
3921	54,503	-	-	-	-	54,503	3921	32,722	-	5,016	-	-	-	-	-	37,738	
3922	300,948	-	-	(21,769)	-	279,159	3922	185,824	-	34,008	1,150	-	-	(18,458)	-	202,524	
3923	862,552	-	-	-	-	862,552	3923	585,800	-	81,948	-	-	-	-	-	667,748	
3924	34,527	-	-	-	-	34,527	3924	4,507	-	1,380	-	-	-	-	-	5,887	
3931	20,488	-	-	-	-	20,488	3931	18,563	-	963	-	-	-	-	-	19,526	
3932	-	-	-	-	-	-	3932	-	-	-	-	-	-	-	-	-	
3941	32,821	-	-	-	(1,257)	31,564	3941	23,535	(1,257)	4,575	-	-	-	-	-	26,853	
3942	74,706	9,557	-	-	(5,029)	79,234	3942	50,972	(5,029)	6,390	-	-	-	-	-	52,333	
3951	30,675	-	-	-	-	30,675	3951	23,285	-	3,695	-	-	-	-	-	26,980	
3952	11,714	1,260	-	-	(1,601)	11,373	3952	10,855	(1,601)	430	-	-	-	-	-	9,684	
396	111,539	1,498	-	-	(5,350)	107,687	396	84,174	(5,350)	6,953	-	-	-	-	-	85,777	
397	107,469	-	-	-	(10,999)	96,470	397	105,949	(10,999)	1,521	-	-	-	-	-	96,471	
398	11,180	-	-	-	(3,705)	7,475	398	9,562	(3,705)	607	-	-	-	-	-	6,464	
399	5,000	-	-	-	-	5,000	399	1,000	-	1,000	-	-	-	-	-	2,000	
36,287,834	4,917,879	-	(9,410)	(9,410)	(917,811)	40,278,492		15,413,610	(917,812)	1,441,111	17,060	(176,784)	-	(18,457)	-	15,758,728	

**FLORIDA PUBLIC UTILITIES COMPANY
ANNUAL STATUS REPORT FOR
STORM DAMAGE RESERVE CONSOLIDATED ELECTRIC**

Status of Reserve

Beginning Balance 01/01/2005		1,538,088
Accruals under Docket #93-0400 EI (001/05 - 12/05)	121,620	
Total Accruals During 2005		121,620
Additional Accrual from Overrecovery		0
Total Charges During 2005		(152,825)
Ending Balance, 12/31/05		<u><u>\$1,506,883</u></u>

Reasonableness of Reserve

Distribution Plant - Book Cost

Storm Damage Reserve Balance @ 12/31/2005	\$1,506,883
Total Distribution Plant (per books) @ 12/31/2005	<u>\$63,455,949</u>
Ratio of Reserve to Distribution Plant	<u><u>2.37%</u></u>

Distribution Plant - Replacement Cost

Storm Damage Reserve Balance @ 12/31/2005	\$1,506,883
Estimated Replacement Cost of Distribution Plant (Distribution Plant @ 12/31/05 times 2)	<u>\$126,911,898</u>
Ratio of Reserve to Replacement Distribution Plant	<u><u>1.19%</u></u>

Availability of Distribution Systems Insurance

Insurance for the Distribution Systems is now available but the costs would be significant.