

BUREAU OF REVENUE REQUIREMENTS
ELECTRIC & GAS ACCOUNTING

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ANNUAL REPORT OF
FINANCIAL ANALYSIS DIV

NATURAL GAS UTILITIES

FLORIDA PUBLIC UTILITIES COMPANY

(EXACT NAME OF RESPONDENT)

PO BOX 3395

WEST PALM BEACH, FL 33402-3395

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1997

Officer or other person to whom correspondence should be addressed concerning this report:

Name George M. Bachman

Title Assistant Treasurer

Address PO Box 3395

City West Palm Beach State FL 33402-3395



INDEPENDENT AUDITORS' REPORT

Florida Public Utilities Company
West Palm Beach, Florida:

We have audited the balance sheets - regulatory basis of Florida Public Utilities Company (the "Company") as of December 31, 1997 and 1996, and the related statements of income - regulatory basis for the years then ended, and the statements of retained earnings - regulatory basis and cash flows for the year ended December 31, 1997, included on pages 10 through 19g, excluding additional information on page 13 - Electric, Gas and Other Utility Divisions, of the accompanying Annual Report of Natural Gas Utilities to the Florida Public Service Commission. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

These financial statements were prepared in accordance with the accounting requirements of 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 generally accepted accounting principles. The principal differences from generally accepted accounting principles include accounting for the Company's investment in a wholly-owned subsidiary on the equity method rather than consolidating the assets, liabilities, revenues, and expenses of the subsidiary, the inclusion of certain accumulated provisions in other noncurrent liabilities rather than current liabilities, the exclusion of comparative statements of retained earnings and cash flows, and the reporting of deferred tax assets and liabilities net of the related regulatory assets and liabilities rather than reporting them separately.

The 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 and income statements in which an investment in a wholly-owned subsidiary is accounted for on 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, 1997 and 1996, and the results of its operations for the years then ended, and its cash flows for the year ended December 31, 1997, in accordance with the accounting requirements of the Florida Public Service Commission, which is 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 page 13 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 should not be used for any other purpose.

Deloitte Touche LLP

February 20, 1998

INSTRUCTIONS FOR FILING THE ANNUAL REPORT OF NATURAL GAS UTILITIES

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (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 Mcf) 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 to dollars 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 that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. 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 different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent FLORIDA PUBLIC UTILITIES COMPANY	02 Year of Report December 31, 1997
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 33401-5886	
05 Name of Contact Person George Bachman	06 Title of Contact Person Director of Accounting & Asst. Treasurer
07 Address of Contact Person (Street, City, State, Zip Code) Same as above	
08 Telephone of Contact Person, Including Area Code (407) 838-1731	09 Date of Report (Mo, Da, Yr) April 21, 1998

ATTESTATION

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, 1997 to December 31, 1997, 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 with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.

4/21/98
Date

George Bachman
Name


Signature

Director of Accounting & Asst. Treasurer
Title

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Dec. 31, 1997

GENERAL INFORMATION

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.

George Bachman, Director of Accounting & Asst. Treasurer
401 South Dixie Highway, P.O. Box 3395
West Palm Beach, Florida 334402-3395

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.

State of Florida
March 6, 1924; Reincorporated April 25, 1929

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.

N/A

4. State the type of utility and nonutility services furnished by respondent during the year in each State in which the respondent operated.

Distribution of electricity, gas and water in the State of Florida.

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?

(1) YES ...Enter the date when such independent accountant was initially engaged: _____

(2) X NO

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.
4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

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	Kind of Business	Percent Voting Stock Owned	Footnote Ref.
(a)	(b)	(c)	(d)
lo - 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.

any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

2. If a change was made during the year in the incumbent of

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Chairman of the Executive Committee	Robert L. Terry	\$75,000
2			
3	Chairman of the Board & CEO	Franklin C. Cressman	\$153,036
4	Change June 1997		
5	President & Chief Operating Officer	John T. English	\$106,973
6			
7	Vice President	Darry L. Troy	\$82,012
8			
9	Senior Vice President	Charles L. Stein	\$97,540
10			
11	Treasurer	Jack R. Brown	\$101,244
12			
13	Assistant Secretary & Assistant Treasurer	William D. Little, Jr.	\$64,072
14			
15	Assistant Treasurer	George M. Bachman	\$62,584
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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)
R. L. Terry** Chairman of the Executive Committee	401 South Dixie Highway West Palm Beach, Florida
F.C. Cressman* President & Chief Executive Officer	401 South Dixie Highway West Palm Beach, Florida
D. Downey	400 Royal Palm Way Palm Beach, Florida
G.O. Jerauld	700 Osprey Way No. Palm Beach, Florida
E. James Carr, Jr.	217 Tom O'Shanter Drive Palm Springs, Florida
J.T. English Senior Vice President	401 South Dixie Highway West Palm Beach, Florida
R.C. Hitchins	325 South Olive Avenue West Palm Beach, Florida

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and

give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent: if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to the end year, and state the purpose of such closing:

December 15, 1997
Dividend Record Date

2. State the total number of votes cast at the latest general meeting prior to the end of year for the election of directors of the respondents and number of such votes cast by proxy.

Total: **1,478,771**
By Proxy: **1,243,339**

3. Give the date and place of such meeting:

04/15/97
401 S. Dixie Highway
West Palm Beach, FL

VOTING SECURITIES
Number of votes as of (date) **04/15/97**

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	1,488,586	1,488,586		
5	TOTAL number of security holders	1,008	1,008		
6	TOTAL votes of security holders listed below	1,199,125	1,199,125		
7	*Cede & Company	798,421	798,421		
8	P. O. Box 20, New York, NY 10274				
9					
10	Chesapeake Utilities Corp.	109,232	109,232		
11	Box 615, Dover, DE 19903				
12					
13	Atlee M. Kohl	101,100	101,100		
14	3007 Skyway Circle North, Irving, TX 75038				
15					
16	Robert L. Terry, Chairman, Exec. Comm.	85,500	85,500		
17	137 King Rd., Palm Beach, FL 33402				
18					
19	Dino Casali	37,040	37,040		
20	Box 886, Keene, NH 03431-0886				
21					
22	George F. Parris, Jr.	21,420	21,420		
23	P. O. Box 21909, Long Beach, CA 90801				
24					
25	URSULAG Peidcop Grau Trust	15,700	15,700		
26	P. O. Box 381, Punta Gorda, FL 33951				
30					
31	*Includes 156,777 shares held in trust. Robert L. Terry, a Director of the Corporation, is co-trustee for thrust accounts established under the wills of his parents and shares voting and dispositive powers for his stock.				
32					
33					

SECURITY HOLDERS AND VOTING POWERS (Continued)

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
21	A. P. Maheu	11,155	11,155	0	NONE
22	250 Lakeview Dr. Sanford, FL				
23	Franklin C. Cressman	10,133	10,133	0	
24	7990 W Lake Dr., West Palm Beach, FL				
25	Philadep & Co	9,424	9,424	0	
26	Box 8068-475, Philadephia, PA 19177				
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Dec. 31, 1997

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 or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.

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. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 8, 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. Estimate increase or decrease in annual revenues due to important rate changes: State effective rate and approximate amount of increase or decrease from each revenue classification. State the number of customers affected.

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 attached to this page.

1. NONE
2. NONE
3. NONE
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. NONE
11. NONE
12. NONE

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114) & 118	20-21	100,314,032	106,050,353
3	Construction Work in Progress (107)	20-21	2,157,803	2,153,397
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		102,471,835	108,203,750
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	20-21	(34,615,243)	(37,302,982)
6	Net Utility Plant (Enter Total of line 4 less 5)		67,856,592	70,900,768
7	Utility Plant Adjustments (116)	19		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-	70,546	20,171
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-	12,880	0
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-	1,795,733	1,766,258
14	Other Investments (124)	-	10	10
15	Special Funds (125-128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		1,879,169	1,786,439
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	(155,754)	113,453
19	Special Deposits (132-134)	-	2,880,714	3,023,557
20	Working Funds (135)	-	9,800	9,800
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	6,386,709	6,226,281
24	Other Accounts Receivable (143)	-	3,948	(21,664)
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(83,053)	(62,230)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-	2,208,075	1,884,866
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Elec) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	1,249,662	1,438,782
32	Merchandise (155)	-	267,096	250,181
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Undgrd. & Liq. Nat. Gas Stored (164.1-164.3)	-		
36	Prepayments (165)	32	1,153,443	1,476,164
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	889,767	1,035,116
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		14,810,407	15,374,306
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	284,904	269,744
45	Extraordinary Property Losses (182.1)	32		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	32		
47	Other Regulatory Assets (182.3)	33		
48	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-	(7,139)	(6,988)
51	Miscellaneous Deferred Debits (186)	34	322,831	390,543
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	-	414,005	391,644
55	Accumulated Deferred Income Taxes (190)	35	2,735,706	2,462,092
56	Unrecovered Purchased Gas Costs (1860.21)	-	1,771,579	553,111
57	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		5,521,886	4,060,146
58	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		90,068,054	92,121,659

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-	\$12,854,112	\$13,039,373
3	Preferred Stock Issued (204)	-	600,000	600,000
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	517,671	585,771
5	Retained Earnings (215, 215.1, 216)	15-16	11,205,475	12,659,545
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16	1,945,237	1,872,520
7	(Less) Reacquired Capital Stock (217)	-	(2,011,327)	(1,968,084)
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		25,111,168	26,789,125
9	LONG-TERM DEBT			
10	Bonds (221)	37	23,500,000	23,500,000
11	(Less) Reacquired Bonds (222)	37		
12	Advances from Associated Companies (223)	37		
13	Other Long-Term Debt (224)	37		
14	Unamortized Premium on Long-Term Debt (225)	38		
15	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	38		
16	TOTAL Long-Term Debt (Enter Total of lines 10 through 15)		23,500,000	23,500,000
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	1,613,574	1,839,735
20	Accumulated Provision for Injuries and Damages (228.2)	-		
21	Accumulated Provision for Pensions and Benefits (228.3)	-	711,654	848,691
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-	123,000	245,000
24	TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)		2,448,228	2,933,426
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	7,900,000	7,600,000
27	Accounts Payable (232)	-	6,220,551	5,595,529
28	Notes Payable to Associated Companies (233)	-	0	0
29	Accounts Payable to Associated Companies (234)	-	0	0
30	Customer Deposits (235)	-	3,127,421	3,291,597
31	Taxes Accrued (236)	41	(232,367)	250,646
32	Interest Accrued (237)	-	560,057	499,724
33	Dividends Declared (238)	-	449,219	453,697
34	Matured Long-Term Debt (239)	-	0	0
35	Matured Interest (240)	-	0	0
36	Tax Collections Payable (241)	-	500,517	523,513
37	Miscellaneous Current and Accrued Liabilities (242)	43	672,348	692,499
38	Obligations Under Capital Leases-Current (243)	-	0	0
39				
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		\$19,197,746	\$18,907,205
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	982,243	1,269,442
43	Other Deferred Credits (253) & CIAC (271&272 - \$2,712,226)	43	7,569,115	8,562,341
44	Other Regulatory Liabilities (254)	45		
45	Accumulated Deferred Investment Tax Credits (255)	42	1,414,578	1,302,937
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	39		
48	Accumulated Deferred Income Taxes (281-283)	44	9,844,976	8,857,183
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		19,810,912	19,991,903
50				
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24,			
52	40 and 49)		\$90,068,054	\$92,121,659

Dec. 31, 1997

STATEMENT OF INCOME

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 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 19 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations on page 19 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 on page 19 concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting

Line No.	Account (a)	Ref. Page No. (b)	Total Current Year (c)	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	46-47	\$74,068,347	\$74,409,370
3	Operating Expenses			
4	Operation Expenses (401)	49-51	55,587,467	56,253,092
5	Maintenance Expenses (402)	49-51	2,254,369	2,265,609
6	Depreciation Expense (403)	55	3,686,232	3,532,748
7	Amort. & Depl. of Utility Plant (404-405)	55		
8	Amort. of Utility Plant Acq. Adj. (406)	55	(956)	(956)
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amort. of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-		
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	41	5,719,575	5,472,688
14	Income Taxes - Federal (409.1)	41	1,666,107	654,307
15	- Other (409.1)	41	258,699	167,413
16	Provision for Deferred Inc. Taxes (410.1)	35, 44	(440,739)	703,337
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	35, 44		
18	Investment Tax Credit Adj. - Net (411.4)	42	(111,641)	(112,009)
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)	-		
23	TOTAL Utility Operating Expenses (Total of lines 4 -22)		68,619,113	68,936,229
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		5,449,234	5,473,141

Dec. 31, 1997

STATEMENT OF INCOME (Continued)

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 19.

8. Enter on page 19 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 2 to 22, and report the information in the blank space on page 19 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
\$38,682,652	\$40,700,856	\$33,474,647	\$31,854,322	\$1,911,048	\$1,854,192	2
						3
29,879,790	31,971,305	25,130,108	23,737,103	577,569	544,684	4
1,216,354	1,164,262	681,488	782,843	356,527	318,504	5
1,668,986	1,589,194	1,801,190	1,732,245	216,056	211,309	6
						7
		(956)	(956)			8
						9
						10
						11
						12
2,852,398	2,834,684	2,574,606	2,353,029	292,571	284,975	13
615,353	349,352	999,445	106,815	51,309	198,140	14
94,327	73,611	155,824	53,188	8,548	40,614	15
(80,322)	302,114	(405,405)	526,496	44,988	(125,273)	16
						17
(49,542)	(49,907)	(55,162)	(55,165)	(6,937)	(6,937)	18
						19
						20
						21
						22
36,197,344	38,234,615	30,881,138	29,235,598	1,540,631	1,466,016	23
2,485,308	2,466,241	2,593,509	2,618,724	370,417	388,176	24

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 12)		\$5,449,234	\$5,473,141
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	1,614,881	1,759,868
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(1,536,344)	(1,810,938)
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-	(9,427)	200
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16	(72,717)	58,262
35	Interest and Dividend Income (419)	-	29,478	30,800
36	Allowance for Other Funds Used During Construction (419.1)	-	17,636	4,888
37	Miscellaneous Nonoperating Income (421)	-		
38	Gain on Disposition of Property (421.1)	-	837,200	
39	TOTAL Other Income (Enter Total of lines 29 through 38)		880,707	43,080
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	56		
43	Miscellaneous Income Deductions (426.1-426.5)	56	34,367	20,823
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		34,367	20,823
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.1)	41	299,532	(11,716)
48	Income Taxes - Other (409.2)	41	51,320	(1,994)
49	Provision for Deferred Income Taxes (410.2)	35, 44		
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	35, 44		
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)		350,852	(13,710)
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		495,488	35,967
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	2,235,050	2,235,050
57	Amortization of Debt Disc. and Expense (428)	38	42,957	43,827
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	38		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	56	(121,775)	(82,868)
62	Other Interest Expense (431)	56	609,674	565,209
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-	(11,540)	(3,200)
64	Net Interest Charges (Total of lines 56 through 63)		2,754,366	2,758,018
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		3,190,356	2,751,090
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
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)	41		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			
72	Net Income (Enter Total of lines 65 and 71)		\$3,190,356	\$2,751,090
73	Earnings Per Share		2.13	1.85

STATEMENT OF RETAINED EARNINGS

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 19.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		\$11,205,475
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: DIVIDENDS FROM SUBSIDIARY		0
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		0
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)		3,263,073
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 20)		
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 27)		28,500
30	Dividends Declared - Common Stock (Account 438)		
31	Common - Cash	2380	1,780,503
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 34)		1,780,503
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)		\$12,659,545

STATEMENT OF RETAINED EARNINGS (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 (Account 215.1)	
	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)(Enter Total of lines 45 & 46)	
48	TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)	\$12,659,545
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)	
49	Balance - Beginning of Year (Debit or Credit)	1,945,237
50	Equity in Earnings for Year (Credit) (Account 418.1)	(72,717)
51	(Less) Dividends Received (Debit)	0
52	Other Changes (Explain)	
53	Balance - End of year	1,872,520

Dec. 31, 1997

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 19. Information about noncash investing and financing activities should be provided on page 19. Provide also on page 19 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 19 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	*****CASH FLOW ON A CONSOLIDATED BASIS***** (a)	Amounts (b)
1	Net Cash Flow From Operating Activities:	
2	Net Income (Line 72(c) on page 14)	\$3,191,000
3	Non-Cash Charges (Credits) to Income:	
4	Depreciation and Depletion	4,029,000
5	Amortization of (Specify)	(1,000)
6	Doubtful Accounts	170,000
7	Deferred Income Taxes (Net)	(347,000)
8	Investment Tax Credit Adjustments (Net)	(120,000)
9	Net (Increase) Decreases in Receivables	269,000
10	Net (Increase) Decreases in Inventory	16,000
11	Net (Increase) Decreases in Allowances Inventory	0
12	Net (Decrease) Increase in Payables and Accrued Expenses	(1,514,000)
13	Net (Increase) Decreases in Other Regulatory Assets	0
14	Net (Decrease) Increase in Other Regulatory Liabilities	0
15	(Less) Allowance for Other Funds Used During Construction	(29,000)
16	(Less) Undistributed Earnings from Subsidiary Companies	0
17	Other: Depreciation charged to transportation	443,000
18	Amortization of Debt expenses	43,000
19	Underrecoveries of energy costs	1,722,000
20	Other	(11,000)
	Gain on sale of nonutility property	(837,000)
21	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 20)	7,024,000
22		
23	Cash Flows from Investment Activities:	
24	Construction and Acquisition of Plant(including land):	
25	Gross Additions to Utility Plant	(6,987,000)
26	Gross Additions to Common Utility Plant	0
27	Gross Additions to Nonutility Plant -Proceeds from sale of non-utility prop & Retirement	909,000
28	(Less) Allowance for Other Funds Used During Construction	0
29	Other: Customer Advances for Construction	287,000
30	Other: Purchase of Long-Term Investments	(143,000)
31		
32		
33	Cash Outflows for Plant (Total of lines 24 through 32)	(5,934,000)
34		
35	Acquisition of Other Noncurrent Assets (d)	0
36	Proceeds from Disposal of Noncurrent Assets (d)	0
37	Investment in and Advances to Assoc. and Subsidiary Companies	0
38	Contributions and Advances from Assoc. and Subsidiary Companies	0
39	Disposition of Investments in (and Advances to)	
40	Associated and Subsidiary Companies	0
41	Purchases of Investment Securities (a)	0
42	Proceeds from Sales of Investment Securities (a)	0

Dec. 31, 1997

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 19.
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 19.

- (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 19 clarifications and explanations.

Line No.	*****CASH FLOW ON A CONSOLIDATED BASIS***** (a)	Amounts (b)
46	Loans Made or Purchased	0
47	Collections on Loans	\$0
48		
49	Net (Increase) Decrease in Receivables	0
50	Net (Increase) Decrease in Inventory	0
51	Net (Increase) Decrease in	0
52	Allowances Held for Speculation	0
53	Net Increase (Decrease) in Payables and Accrued Expenses	0
54	Other:	0
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 35 through 55)	0
58		
59	Cash Flows From Financing Activities:	
60	Proceeds from Issuance of:	
61	Long-Term Debt (b)	0
62	Preferred Stock	0
63	Common Stock	297,000
64	Other	0
65		0
66	Net Increase in Short-term Debt (c)	28,900,000
67	Other:	
68		
69		
70	Cash provided by Outside Sources (Total of lines 61 through 69)	29,197,000
71		
72	Payments of Retirement of:	
73	Long-Term Debt (b)	0
74	Preferred Stock	0
75	Common Stock	0
76	Other:	0
77		
78	Net Decrease in Short-Term Debt (c)	(29,200,000)
79		
80	Dividends on Preferred Stock	0
81	Dividends on Common Stock	(1,805,000)
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 through 81)	(1,808,000)
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 21, 57, and 83)	(718,000)
87		
88	Cash and Cash Equivalents at Beginning of Year	841,000
89		
90	Cash and Cash Equivalents at End of Year	123,000

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 notes 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 amount, 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 12-18, such notes may be attached hereto.

SEE ATTACHED ANNUAL REPORT SUPPLEMENTS.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting and Reporting Policies

Business and Regulation Florida Public Utilities Company (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 Florida Public Service Commission (FPSC) with respect to its electric, natural gas and water operations. The suppliers of electrical power to the Marianna division and of natural gas to the natural gas divisions are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Fernandina Beach division is supplied most of its electrical power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary. The Company's accounting policies and practices conform to generally accepted accounting principles as applied to regulated public utilities and are in accordance with the accounting requirements and rate making practices of the FPSC.

The Company prepares its financial statements in accordance with the provisions of Statement of Financial Accounting Standards No. 71 - "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). In general, SFAS 71 recognizes that accounting for rate regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. As a result, a regulated utility may defer recognition of a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that, through the rate making process, there will be a corresponding increase or decrease in revenues.

Accordingly, the Company has recognized certain regulatory assets and liabilities. Such regulatory items relate to deferred income taxes, unamortized debt reacquisition costs, unamortized rate case expense and property damage self insurance reserves. The Company believes that the FPSC will continue to allow the Company to recover such items through its rates.

The Company has agreed with the FPSC staff to limit its earned return on equity for its regulated electric and natural gas operations. The disposition of any excess earnings is left to the discretion of the FPSC, with alternatives including a refund to customers, additional

contributions to storm damage reserves, or the reduction of any depreciation reserve deficiency. Excess earnings for 1996 at one of the Company's electric divisions was ordered by the FPSC to be added to that division's storm damage reserve. The Company believes it has adequately reserved for 1997 excess earnings.

Following FPSC rules for water utilities, the Company filed for and was granted a price index revenue increase in the Fernandina Beach water division. This increase, approximating \$19,000 on an annual basis, was placed into effect in July, 1997. A similar price index filing is planned for 1998.

Various states, other than Florida, have enacted or are considering enacting legislation or other initiatives that would provide utility customers with the ability to choose their supplier, thus establishing competition between the suppliers of utility services. No such proposals are currently being considered in Florida.

Revenues The Company records utility revenues as service is provided and bills its customers monthly on a cycle billing basis. Accordingly, at the end of each month, the Company accrues for estimated unbilled revenues.

The rates of the Company include base revenues, fuel adjustment charges and the pass-through of certain governmental imposed taxes based on revenues. The base revenues are determined by the FPSC and remain constant until a request for an increase in such rates is filed and approved by the FPSC. From the FPSC perspective, the Company operates four distinct "entities", i.e., Marianna electric, Fernandina Beach electric, Fernandina Beach water, and natural gas, consisting of Palm Beach County, Sanford and DeLand. Thus, for the Company to recover through rate relief the effects of inflation for all such "entities", a request for an increase in base revenues would require the filing of four separate rate cases. The FPSC allows for an annual automatic rate increase for water operations through the use of a price index. Fuel adjustment charges are estimated for customer billing purposes and any under/over-recovery difference between the incurred cost of fuel and estimated amounts billed to customers is deferred for future recovery or refund and either charged or credited to customers. Interest accrues on such under/over-recoveries and is included in the subsequent adjustment.

Consolidation The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to the prior years' financial statements and other financial information contained herein to conform with the 1997 presentation.

Utility Plant and Depreciation Utility plant is stated at original cost. The costs of additions to utility plant include contracted services, direct labor and materials. The costs of units of property retired are removed from utility plant, and such costs plus removal costs, less salvage, are charged to accumulated depreciation. Maintenance and repairs of property and replacement and renewal of items determined to be less than 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.

Depreciation is computed using the composite straight-line method at rates prescribed by the FPSC for financial accounting purposes. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.7% per year.

Income Taxes Deferred income taxes are provided on all significant temporary differences between the financial statement 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.

Deferred Charges Deferred charges consist principally of unamortized debt issuance expense and early extinguishment premium. Such expenses are being amortized over the lives of the issues to which they pertain.

Use of Estimates Inherent in the accounting process is the use of estimates when preparing financial statements in accordance with generally accepted accounting principles. Accordingly, the Company has used estimates in the preparation of its financial statements including the accrual for uninsured liability claims. The Company is self-insured for the first \$250,000 of

each liability claim and therefore accrues for estimated losses occurring from both asserted and unasserted claims. The estimate for unasserted claims arising from unreported incidents is based on an analysis of historical claims data. The Company's portion of liability claims incurred for the ten year period ended in 1997 averaged approximately \$85,000 per year and the accrual for such claims was approximately \$1,000,000 at December 31, 1997. The Company believes that its accrual for potential liability claims is adequate.

Notes Payable

The Company has a line of credit agreement with its primary bank providing for a \$15,000,000 loan with interest at LIBOR plus one-half percent. \$14,000,000 of such loan is available for general corporate purposes with the remaining \$1,000,000 reserved as a contingency for major storm repairs in the Marianna electric division. At December 31, 1997 there was a balance outstanding of \$7,600,000. The weighted average interest rates at December 31, 1997 and 1996 were approximately 6.2%.

Capitalization

Common Shares Reserved The Company has reserved 18,498 common shares for issuance under the Dividend Reinvestment Plan and 16,992 common shares for issuance under the Employee Stock Purchase Plan.

Dividend Restriction The Indenture of Mortgage and Deed of Trust and supplements thereto provide for restriction of the payment of cash dividends. At December 31, 1997 approximately \$5,900,000 of retained earnings were free of such restriction.

Maturities of Long-Term Debt Sinking fund payments are scheduled to begin in 2008.

Segment Information

The Company operates distribution systems providing natural and propane gas service in three locations in central and southern Florida, electric service in two locations in northern Florida and water service in one location in northern Florida. There are no material intersegment sales or transfers.

Operating profit consists of revenues less operating

expenses and does not include other income, interest income, interest expense and income taxes.

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 1997, 1996 and 1995 is summarized as follows (in thousands):

	REGULATED				Common	NON-REGULATED	Consolidated
	Gas	Electric	Water	Propane Gas			
1997							
Revenues	\$ 33,475	\$ 38,683	\$ 1,911	\$	\$ 4,065	\$ 78,134	
Operating profit	3,288	3,065	468		(17)	6,804	
Identifiable assets	35,227	34,021	5,270	10,694	5,877	91,089	
Depreciation	1,733	1,629	208	116	343	4,029	
Construction expenditures	2,925	2,641	866	323	279	7,034	
1996							
Revenues	31,854	40,701	1,854		4,401	78,810	
Operating profit	3,250	3,141	495		138	7,024	
Identifiable assets	33,977	33,038	4,584	13,295	6,100	90,994	
Depreciation	1,654	1,540	201	137	344	3,876	
Construction expenditures	3,369	2,360	257	1,324	343	7,653	
1995							
Revenues	26,144	40,074	1,674		4,135	72,027	
Operating profit	2,902	3,078	328		212	6,520	
Identifiable assets	32,115	32,155	4,508	10,596	5,866	85,240	
Depreciation	1,578	1,453	204	125	334	3,694	
Construction expenditures	3,245	2,533	(17)	312	328	6,401	

Income Taxes

The provision (credit) for income taxes consists of the following (in thousands):

	1997	1996	1995
Current payable			
Federal	\$ 1,547	\$ 751	\$ 871
State	208	188	239
	<u>1,755</u>	<u>939</u>	<u>1,110</u>
Deferred			
Federal	(378)	532	387
State	29	46	(20)
	<u>(349)</u>	<u>578</u>	<u>367</u>
Investment tax credit	(120)	(121)	(121)
Total - operating	\$ 1,286	\$ 1,396	\$ 1,356

The difference between the effective income tax rate and the statutory federal income tax rate applied to pretax income is accounted for as follows (in thousands):

	1997	1996	1995
Federal income tax at statutory rate	\$ 1,642	\$ 1,406	\$ 1,298
State income taxes, net of federal benefit	156	154	145
Investment tax credit	(120)	(121)	(121)
Other	(77)	(43)	34
Total provision for income taxes*	\$ 1,601	\$ 1,396	\$ 1,356

*Includes income tax of \$315,000 on gain from the sale of non-utility property.

The tax effects of temporary differences producing accumulated deferred income tax assets and liabilities in the accompanying consolidated balance sheets are as follows (in thousands):

	1997	1996
Deferred tax assets		
Environmental	\$ 1,983	\$ 1,806
Alternative minimum tax credit	177	210
Other	307	345
Total deferred tax assets	<u>2,467</u>	<u>2,361</u>
Deferred tax liabilities		
Utility plant related	7,850	7,625
Under recovery of fuel costs	208	667
Other	234	291
Total deferred tax liabilities	<u>8,292</u>	<u>8,583</u>
Net deferred income taxes	\$ 5,825	\$ 6,222

Employee Benefit Plans

Pension Plan The Company has a noncontributory defined benefit pension plan covering substantially all its employees. The benefits are based on the employee's credited service and average compensation, generally during the last three years before retirement. The Company's policy is to fund pension costs in accordance with contribution guidelines established by The Employee Retirement Income Security Act of 1974. Plan assets consist of stocks, bonds and short-term investments.

The components of net pension cost (income) are as follows (in thousands):

	1997	1996	1995
Service cost	\$ 549	\$ 539	\$ 513
Interest cost	963	935	875
Actual return on assets	(5,809)	(3,278)	(4,499)
Net amortization and deferral	3,976	1,636	3,061
Net periodic pension income	<u>\$ (321)</u>	<u>\$ (168)</u>	<u>\$ (50)</u>

The Plan's funded status at December 31, 1997 and 1996, is as follows (in thousands):

	1997	1996
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ (11,408)	\$ (10,938)
Accumulated benefit obligation	\$ (11,949)	\$ (11,599)
Projected benefit obligation	\$ (14,803)	\$ (14,403)
Plan assets at fair value	29,080	24,178
Plan assets in excess of projected benefit obligation	14,277	9,775
Unrecognized net gain	(13,933)	(9,720)
Unrecognized prior service cost	1,362	1,513
Unrecognized net asset at January 1, 1986 being recognized over 15 years	(550)	(733)
Prepaid pension cost	\$ 1,156	\$ 835
Actuarial assumptions:		
Discount rate	7%	7%
Rate of increase in future compensation levels	5.5%	5.5%
Expected long-term rate of return on assets	8%	8%

Health Plan The Company is principally self-insured for its employee and retiree medical insurance plan. The Company's health care liability under the plan is limited to \$60,000 per individual per year, with a maximum total liability of \$875,000.

A reserve for future benefit payments for active employees is maintained at a level sufficient to provide for estimated outstanding claims under the plan net of amounts contributed by employees. Net health care benefits paid by the Company for active employees were approximately \$457,000, \$408,000 and \$493,000 for 1997, 1996 and 1995, respectively.

Other Postretirement Benefits SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions" requires accrual of postretirement benefits during the years an employee provides service. The Company provides postretirement health care benefits for certain retired employees and their eligible dependents and reduced postretirement life insurance benefits for retired employees. The accumulated health care postretirement benefit obligation (transition obligation) under SFAS No. 106 is being amortized over 20 years beginning 1993. The Company is not accruing for reduced postretirement life insurance benefits as the actual outlay by the Company is offset by employee contributions.

The components of postretirement benefit costs are as follows (in thousands):

	<u>1997</u>	<u>1996</u>
Service cost	\$ 65	\$ 66
Interest cost	83	78
Amortization of transition obligation	43	43
Periodic postretirement benefit cost	<u>\$ 191</u>	<u>\$ 187</u>

The Plan's funded status at December 31, 1997 and 1996 is as follows (in thousands):

	<u>1997</u>	<u>1996</u>
Accumulated postretirement benefit obligation (APBO):		
Retirees	\$ (332)	\$ (253)
Fully eligible active plan participants	(148)	(135)
Other active plan participants	(838)	(860)
Total APBO	<u>(1,318)</u>	<u>(1,248)</u>
Plan assets	<u>0</u>	<u>0</u>
APBO less than plan assets	(1,318)	(1,248)
Unamortized transition obligation	644	686
Unrecognized (gain) loss	<u>(37)</u>	<u>1</u>
Accrued post benefit obligation	<u>\$ (711)</u>	<u>\$ (561)</u>

The measurement of the APBO assumes a 7% discount rate each year and a health care cost trend rate of 8.9% in 1997 decreasing to 5.5% by the year 2007 and beyond. A one-percentage point increase in the assumed health care cost trend rate would increase the APBO and the periodic cost by about 13%.

Employee Stock Purchase Plan The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 1997, 1996 and 1995, 5,665, 5,455 and 3,774 shares, respectively, were issued under the Plan for aggregate consideration of \$103,000, \$90,000 and \$55,000, respectively.

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. The Company does not enjoy a debt rating and therefore the Company has no reasonable way of estimating the current rate at which similar first mortgage bonds would be made to borrowers with similar debt ratings and maturities. However, the current bonds outstanding were issued in 1988 and 1992 and since that time interest rates have declined, and thus it is reasonable to assume that the fair value of existing first mortgage bonds would be more than their carrying value.

Contingencies

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.

West Palm Beach Site The Company is currently conducting a contamination assessment investigation of a parcel of property owned by it in West Palm Beach, Florida. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, the Company entered into a consent order with the FDEP. The consent order requires the Company to delineate the extent of soil and groundwater impacts associated with the prior operation of a gasification plant on the property and requires the Company to remediate any soil and groundwater impacts, if necessary. In June 1993 the Company commenced the contamination assessment investigation. At this time, contamination assessment activities are still being performed under the direct oversight of FDEP. Prior to the completion of this work, it is not possible to determine

to an acceptable degree of certainty the complete extent or cost of remedial action, if any, which may be required. However, a preliminary estimate from the Company's environmental consultant suggested that total contamination assessment and remediation costs for this site may reach approximately \$3,250,000. Until the FDEP concludes that the contamination assessment investigation is complete, it is not possible to determine whether remediation is necessary and, if so, when and how much of such costs the Company will have to pay. A portion of the on-site impacts have been determined to be eligible for reimbursement from a state fund and the FDEP has determined that a portion of the work conducted off-site is eligible for reimbursement under state law.

Sanford Site The Company owns a parcel of property located in Sanford, Florida. Prior to the Company's acquisition of this property, it had been the site of a gasification plant. The FDEP issued a Warning Notice to the Company which required the Company to conduct a contamination assessment investigation of the property. A preliminary investigation revealed that soil was impacted throughout the center of the property.

Thereafter, in cooperation with four former owners and operators of the gasification plant, the Company participated in the funding of an initial contamination assessment investigation, the results of which are set forth in a Contamination Assessment Report delivered to FDEP on February 4, 1994. On July 11, 1997, EDP notified the Company of its potential liability under applicable federal laws for assessment and remediation of the site. Similar notices were sent by EPA to the four former owners and operators and are currently negotiating with EPA on the scope and extent of additional assessment work that may be required to enable all parties to determine the appropriate remediation strategy for the site. Prior to the completion of these negotiations and the implementation of the additional field work, the Company is unable to determine, to an acceptable degree of certainty, the extent or cost of remediation that may be required by EPA or FDEP at this site. However, a preliminary estimate from the group's environmental consultant suggested that interim remedial

costs for removal of the visible extent of impacted soils at the site and adjacent thereto may reach approximately \$3,340,000. Pending the completion of the Remedial Investigation/Feasibility Study (RI/FS) task that is currently under negotiation with EPA, the Company is unable to determine whether the interim remedy identified by the consultant will be appropriate or, if so, what the Company's share of those costs would be. The Company has agreed to pay approximately 13.7% of the cost for the RI/FS and limited remediation, assuming the total costs for the RI/FS and limited remediation does not exceed \$1.5 million.

Insurance Claims and Rate Relief The Company notified its insurance carriers of environmental impacts detected at the former manufactured gas plant (MGP) sites discussed above.

As a result of negotiations with the Company's major insurance carriers that concluded in 1997, such carriers agreed to pay settlement proceeds totaling approximately \$4,300,000 for certain environmental costs. In addition, the Florida Public Service Commission has allowed the Company to recover through rate relief environmental expenses of approximately \$2,400,000 over a ten-year period at the rate of approximately \$240,000 per year.

Due to the rate relief granted the Company for environmental costs and insurance settlement proceeds for environmental costs received by the Company which are being held in escrow, the Company believes that any future contamination assessment and remedial costs will not be material to the Company's operating results or liquidity.

Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of, among other things, seasonal weather conditions, the timing of rate increases and the migration of winter residents and tourists to central and southern Florida during the winter season (in thousands, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<u>1997</u>				
Revenues	\$ 22,143	\$ 17,878	\$ 18,732	\$ 19,381
Operating margin	7,357	6,386	6,309	6,627
Operating profit	2,385	1,486	1,279	1,654
Net income ¹	1,046	526	917	702
Earnings per share ¹	.70	.35	.61	.47
<u>1996</u>				
Revenues	\$ 23,519	\$ 17,918	\$ 18,756	\$ 18,617
Operating margin	8,038	6,224	6,226	6,449
Operating profit	3,221	1,368	1,188	1,247
Net income	1,564	418	341	428
Earnings per share ²	1.06	.28	.23	.29

¹ The third quarter includes a gain after income taxes from the sale of non-utility real property of \$522,000, \$0.35 per share.

² The sum of the quarterly earnings per share amounts does not equal the annual earnings per share amount reflected in the consolidated statement of income due to the effect of changes in average common shares outstanding during the fiscal year.

Dec. 31, 1997

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	101 Plant in Service (Classified)	105,743,264	47,033,902
4	101.1 Property Under Capital Leases	0	0
5	102 Plant Purchased or Sold	0	0
6	106 Completed Construction not Classified	0	0
7	103 Experimental Plant Unclassified	0	0
8	104 Leased to Others	0	0
9	105 Held for Future Use	0	0
10	114 Acquisition Adjustments	307,091	3,691
11	TOTAL Utility Plant (Enter Total of lines 3 through 10)	106,050,355	47,037,593
12	107 Construction Work in Progress	2,153,397	46,917
13	Accum. Prov. for Depr., Amort., & Depl.	37,302,981	17,367,189
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	70,900,771	29,717,321
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	36,983,852	17,363,498
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Right	0	
19	111 Amort. of Underground Storage Land and Land Rights	0	
20	119 Amort. of Other Utility Plant	0	0
21	TOTAL in Service (Enter Total of lines 17 through 20)	36,983,852	17,363,498
22	Leased to Others		
23	108 Depreciation	0	0
24	111 Amortization and Depletion	0	0
25	TOTAL Leased to Others (Enter Total of lines 23 and 24)	0	0
26	Held for Future Use		
27	108 Depreciation	0	0
28	111 Amortization		0
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	0	0
30	111 Abandonment of Leases (Natural Gas)	0	
31	115 Amort. of Plant Acquisition Adjustment	319,129	3,691
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	37,302,981	17,367,189

Dec. 31, 1997

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.
					1
					2
47,164,791	9,790,428	Not Applicable	Not Applicable	1,754,143	3
0	0			0	4
0	0			0	5
0	0			0	6
0	0			0	7
0	0			0	8
0	0			0	9
303,400	0			0	10
47,468,191	9,790,428			1,754,143	11
29,603	537,913			1,538,964	12
16,772,921	2,428,653			734,218	13
					14
30,724,873	7,899,688			2,558,889	15
					16
16,457,483	2,428,653			734,218	17
0					18
0					19
0	0			0	20
16,457,483	2,428,653			734,218	21
					22
0	0			0	23
0	0			0	24
0	0			0	25
					26
0	0			0	27
0	0			0	28
0	0			0	29
0					30
315,438	0			0	31
					32
16,772,921	2,428,653			734,218	

Annual Status Report Analysis of Plant in Service Accounts

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1997

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass	Adjustments	Transfers	Ending Balance*
374	Land - Distribution		101,107	0	0	0	0	0	101,107
389	Land - General		53,013	0	0	0	0	0	53,013
	Land - Other - Common		341,926	0	0	0	0	0	341,926
Amortizable General Plant Assets:									
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
DISTRIBUTION PLANT									
3741	Land Rights	3.20%	27,707	0	0	0	0	0	27,707
375	Structures and Improvements	2.70%	508,953	0	0	0	0	0	508,953
3761	Mains - Plastic	3.00%	7,006,177	892,879	0	0	0	3,650	7,902,706
3762	Mains - Other	3.20%	17,888,216	359,443	8,819	0	0	0	18,238,840
378	Meas. and Reg. Sta. Equipment - General	3.70%	167,960	14,533	0	0	0	0	182,493
379	Meas. and Reg. Sta. Equipment - City Gate	3.40%	687,600	245,080	0	0	0	0	932,680
3801	Services - Plastic	3.20%	8,407,202	749,407	121,101	0	0	7,085	9,042,593
3802	Services - Other	6.70%	1,612,282	(3,921)	63,156	0	0	0	1,545,205
380299	Accum. Depreciation - Service - Contra accts.	0.00%	(5,633)	0	(5,633)	0	0	0	0
381	Meters	3.60%	2,948,788	195,100	25,136	0	0	(6,144)	3,112,608
382	Meter Installations	3.30%	745,747	73,575	15,881	0	0	0	803,441
383	House Regulators	3.40%	816,275	40,187	5,475	0	0	(864)	850,123
384	House Reg. Installations	3.00%	351,298	15,873	5,893	0	0	0	361,278
385	Industrial Meas. and Reg. Sta. Equipment	4.10%	88,709	18,815	0	0	0	0	107,524
387	Other Equipment	3.60%	187,035	5,191	4,955	0	0	664	187,935
TOTAL DISTRIBUTION PLANT			41,537,424	2,606,162	242,783	0	0	4,391	43,905,194
GENERAL PLANT									
390	Structures and Improvements	2.60%	396,446	0	0	0	0	0	396,446
3911	Office Furniture	6.40%	32,322	966	47,998	0	0	0	33,090
3912	Office Equipment	12.60%	36,079	5,350	6,720	0	0	0	34,709
3913	EDP Equipment	11.70%	308,517	6,342	1,322	0	0	(2,191)	311,346
3921	Accum. Dep. - Transportation - Cars	27.50%	355,494	109,249	85,098	0	0	0	379,645
3922	Accum. Dep. - Transportation - Light Trucks, vans	13.30%	1,328,174	177,102	111,427	0	0	1	1,393,850
3924	Accum. Dep. - Transportation - Trailers	18.20%	22,535	0	1,940	0	0	0	20,595
393	Stores Equipment	7.30%	13,359	0	0	0	0	0	13,359

Annual Status Report Analysis of Plant in Service Accounts

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1997

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
394	Tools, Shop, and Garage Equipment	5.00%	287,051	15,025	11,280	0	0	925	291,721
395	Laboratory Equipment	0.00%	465	0	0	0	0	0	465
396	Power Operated Equipment	6.70%	149,847	1,564	11,388	0	0	(1,590)	138,433
397	Communication Equipment	5.90%	180,801	1,339	7,525	0	0	0	174,615
398	Miscellaneous Equipment	10.40%	18,310	0	0	0	0	0	18,310
	SUBTOTAL		3,182,413	316,937	284,698	0	0	(2,855)	3,259,597
399	Other Tangible Property	0	0	0	0	0	0	0	0
	TOTAL General Plant		3,182,413	316,937	284,698	0	0	(2,855)	3,259,597
	TOTAL (Accounts 101 and 106)		44,719,837	2,923,099	527,481	0	0	1,536	47,164,791
	 TOTAL GAS PLANT IN SERVICE		 44,719,837	 2,923,099	 527,481	 0	 0	 1,536	 47,164,791
Capital Recovery Schedules:									
	NONE								
Total Account 101*			44,719,837	2,923,099	527,481	0	0	1,536	47,164,791
Amortizable Assets:									
114	Acquisition Adjustment		303,400	0	0	0	0	0	303,400
118	Other Utility Plant		1,742,208	130,451	116,298	0	0	(2,218)	1,754,143
	Other - Common								
Total Utility Plant			46,765,444	3,053,550	643,779	0	0	(682)	49,222,334

Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 21.

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1997

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
Amortizable General Plant Assets:										
	PRODUCTION PLANT									
	320 Other Equipment	(12)						12		0
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
	DISTRIBUTION PLANT									
	374 Land - Distribution	1775	888	0	0	0	0	0	0	2663
	3741 Land Rights	0	0	0	0	0	0	0	0	0
	375 Structures and Improvements	214,435	13,740	0	0	0	0	0	0	228,175
	3761 Mains - Plastic	1,296,611	218,036	0	0	0	(180)	0	1,443	1,515,910
	3762 Mains - Other	8,137,131	574,282	0	6,819	0	(17,500)	0	0	8,687,094
	378 Meas. and Reg. Sta. Equipment - General	22,442	6,231	0	0	0	0	0	0	28,673
	379 Meas. and Reg. Sta. Equipment - City Gate	169,426	23,388	0	0	0	0	0	0	192,814
	3801 Services - Plastic	1,485,346	278,290	0	121,101	0	(80,848)	0	2,796	1,584,483
	3802 Services - Other	762,295	105,492	0	63,156	0	(234,453)	0	0	570,178
	380299 Accum. Dep. - Service - Contra accts.	(5,633)	0	0	(5,633)	0	0	0	0	0
	381 Meters	1,066,353	108,903	0	25,136	0	(203)	0	(2,160)	1,147,757
	382 Meter Installations	253,645	25,387	0	15,881	0	(173)	0	0	262,978
	383 House Regulators	277,481	28,432	0	5,475	0	(17)	0	(293)	300,128
	384 House Reg. Installations	92,622	10,671	0	5,893	0	(21)	0	0	97,379
	385 Industrial Meas. and Reg. Sta. Equipment	29,370	3,564	0	0	0	0	0	0	32,934
	387 Other Equipment	59,651	6,756	0	4,955	0	(120)	0	206	61,538
	389 Land - General	0	0	0	0	0	0	0	0	0
	TOTAL DISTRIBUTION PLANT	13,862,950	1,404,060	0	242,783	0	(333,515)	0	1,992	14,692,704
	GENERAL PLANT									
	390 Structures and Improvements	156,680	10,308	0	0	0	0	0	0	166,988
	3911 Office Furniture	(1,609)	2,056	0	47,998	0	0	0	0	249
	3912 Office Equipment	16,060	4,648	0	6,720	0	0	0	0	13,988
	3913 EDP Equipment	187,394	35,973	0	1,322	40	0	0	(1,915)	220,170
	3921 Accum. Dep. - Transportation - Cars	217,785	88,316	0	85,098	3,477	0	0	1	224,481
	3922 Accum. Dep. - Trans. - Light Trucks, vans	755,636	183,615	0	111,427	12,771	0	0	0	840,595
	3924 Accum. Dep. - Transportation - Trailers	17,605	3,327	0	1,940	253	0	0	0	19,245
	393 Stores Equipment	6,966	972	0	0	0	0	0	0	7,938

Annual Status Report Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1997

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
(Continued)										
394	Tools, Shop, and Garage Equipment	90,166	14,383	0	11,280	600	0	0	695	94,564
395	Laboratory Equipment	(2,275)	24	0	0	0	0	0	0	(2,251)
396	Power Operated Equipment	82,982	9,723	0	11,388	763	0	0	(901)	81,179
397	Communication Equipment	88,447	10,368	0	7,525	0	0	0	(1)	91,289
398	Miscellaneous Equipment	4,448	1,896	0	0	0	0	0	0	6,344
	SUBTOTAL	1,620,285	365,609	0	284,698	17,904	0	0	(2,121)	1,764,779
399	Other Tangible Property	0	0	0	0	0	0	0	0	0
	TOTAL General Plant	1,620,285	365,609	0	284,698	17,904	0	0	(2,121)	1,764,779
Subtotal		15,483,235	1,769,669	0	527,481	17,904	(333,515)	0	(129)	16,457,483
COMMON PLANT										
389	Land - General	0	0	0	0	0	0	0	0	0
390	Structures and Improvements	226,011	12,120	0	0	0	0	0	0	238,131
3911	Office Furniture	29,408	3,356	0	(23,900)	0	0	0	0	8,864
3912	Office Equipment	17,283	7,278	0	(740)	53	0	0	0	23,874
3913	EDP Equipment	381,949	78,083	0	(91,446)	0	0	0	(2,095)	366,491
3921	Accum. Dep. - Transportation - Cars	58,264	34,192	0	0	318	0	0	0	92,774
397	Communication Equipment	3,643	653	0	(212)	0	0	0	0	4,084
Subtotal		716,558	135,682	0	(116,298)	371	0	0	(2,095)	734,218
Grand Total		16,199,793	1,905,351	0	411,183	18,275	(333,515)	0	(2,224)	17,191,701

Note: * The grand total of beginning and ending balances must agree to Line 17, Page 21.

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
1997

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)				
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustment	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirement	Accruals	Salvage	Cost of Removal	Purchases & Adjustment	Transfers	Reclassifications	Ending Balance
304	0	0	0	0	0	0	304	0	0	0	0	0	0	0	0	0
305	0	0	0	0	0	0	305	0	0	0	0	0	0	0	0	0
311	0	0	0	0	0	0	311	0	0	0	0	0	0	0	0	0
320	0	0	0	0	0	0	320	(12)	0	0	0	0	12	0	0	0
360	0	0	0	0	0	0	360	0	0	0	0	0	0	0	0	0
361	0	0	0	0	0	0	361	0	0	0	0	0	0	0	0	0
362	0	0	0	0	0	0	362	0	0	0	0	0	0	0	0	0
374	101,107	0	0	0	0	101,107	374	1,775	0	888	0	0	0	0	0	2,663
3741	27,707	0	0	0	0	27,707	3741	0	0	0	0	0	0	0	0	0
375	508,953	0	0	0	0	508,953	375	214,435	0	13,740	0	0	0	0	0	228,175
3761	7,006,177	892,879	0	3,650	0	7,902,706	3761	1,296,611	0	218,036	0	(180)	0	1,443	0	1,515,910
3762	17,886,216	359,443	0	0	(6,819)	18,238,840	3762	8,137,131	(6,819)	574,282	0	(17,500)	0	0	0	8,687,094
377	0	0	0	0	0	0	377	0	0	0	0	0	0	0	0	0
378	167,960	14,533	0	0	0	182,493	378	22,442	0	6,231	0	0	0	0	0	28,673
379	687,600	245,080	0	0	0	932,680	379	169,426	0	23,388	0	0	0	0	0	192,814
3801	8,407,202	749,407	0	7,085	(121,101)	9,042,593	3801	1,485,346	(121,101)	278,290	0	(80,848)	0	2,796	0	1,564,483
3802	1,612,282	(3,921)	0	0	(63,156)	1,545,205	3802	762,295	(63,156)	105,492	0	(234,453)	0	0	0	570,178
380299	(5,633)	0	0	0	5,633	0	380299	(5,633)	5,633	0	0	0	0	0	0	0
381	2,948,788	195,100	0	(6,144)	(25,136)	3,112,608	381	1,066,353	(25,136)	108,903	0	(203)	0	(2,160)	0	1,147,757
382	745,747	73,575	0	0	(15,881)	803,441	382	253,645	(15,881)	25,387	0	(173)	0	0	0	262,978
383	816,275	40,187	0	(864)	(5,475)	850,123	383	277,481	(5,475)	28,432	0	(17)	0	(293)	0	300,128
384	351,298	15,873	0	0	(5,893)	361,278	384	92,622	(5,893)	10,671	0	(21)	0	0	0	97,379
385	88,709	18,815	0	0	0	107,524	385	29,370	0	3,564	0	0	0	0	0	32,934
387	187,035	5,191	0	664	(4,955)	187,935	387	59,651	(4,955)	6,756	0	(120)	0	208	0	61,538
389	394,939	0	0	0	0	394,939	389	0	0	0	0	0	0	0	0	0
390	862,584	0	0	0	0	862,584	390	382,691	0	22,428	0	0	0	0	0	405,119
3911	88,164	7,591	0	0	(24,098)	71,657	3911	27,799	(24,098)	5,412	0	0	0	0	0	9,113
3912	92,188	22,150	0	0	(7,460)	106,878	3912	33,343	(7,460)	11,926	53	0	0	0	0	37,862
3913	1,001,691	97,864	0	(4,409)	(92,768)	1,002,378	3913	569,343	(92,768)	114,056	40	0	0	(4,010)	0	586,661
3921	473,371	124,753	0	0	(85,098)	513,026	3921	276,049	(85,098)	122,508	3,795	0	0	1	0	317,255
3922	1,328,174	177,102	0	1	(111,427)	1,393,850	3922	755,636	(111,427)	183,615	12,771	0	0	0	0	840,595
3923	0	0	0	0	0	0	3923	0	0	0	0	0	0	0	0	0
3924	22,535	0	0	0	(1,940)	20,595	3924	17,605	(1,940)	3,327	253	0	0	0	0	19,245
393	13,359	0	0	0	0	13,359	393	6,966	0	972	0	0	0	0	0	7,938
394	287,051	15,025	0	925	(11,280)	291,721	394	90,166	(11,280)	14,383	600	0	0	695	0	94,564
395	465	0	0	0	0	465	395	(2,275)	0	24	0	0	0	0	0	(2,251)
396	149,847	1,564	0	(1,590)	(11,388)	138,433	396	82,982	(11,388)	9,723	763	0	0	(901)	0	81,179
397	191,942	1,339	0	0	(7,737)	185,544	397	92,090	(7,737)	11,021	0	0	0	(1)	0	95,373
398	18,310	0	0	0	0	18,310	398	4,448	0	1,896	0	0	0	0	0	6,344
	46,462,044	3,053,550	0	(682)	(595,979)	48,918,933		16,199,781	(595,979)	1,905,351	18,275	(333,515)	12	(2,224)	0	17,191,701

FLORIDA PUBLIC UTILITIES COMPANY
WEST PALM BEACH - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
1997

PLANT IN SERVICE (\$)						RESERVE (\$)					(CREDIT BALANCES)													
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustmnt	Transfer	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirement	Accruals	Salvage	Cost of Removal	Purchases & Adjustment	Transfers	Reclassifications	Ending Balance								
304	0					0	304	0								0								
305	0					0	305	0								0								
311	0					0	311	0								0								
320	0					0	320	(12)						12		0								
360	0					0	360	0								0								
361	0					0	361	0								0								
362	0					0	362	0								0								
374	56,686					56,686	374	861		432						1,293								
3741	13,373					13,373	3741	0								0								
375	491,108					491,108	375	207,304	0	13,260						220,564								
3761	5,263,995	734,884		3,850	0	6,002,329	3761	989,813	0	165,362				1,443		1,136,618								
3782	14,807,303	106,200			(5,441)	14,908,062	3782	6,917,281	(5,441)	475,025		(7,766)				7,379,099								
377	0					0	377	0								0								
378	158,700	14,454				171,154	378	28,001		5,811						33,812								
379	434,401	9,165				443,566	379	86,348		14,772						101,120								
3801	6,750,475	630,940		7,085	(111,102)	7,277,398	3801	1,145,483	(111,102)	223,882		(70,698)		2,796		1,190,363								
3802	1,350,131	(3,921)			(60,030)	1,288,180	3802	604,241	(60,030)	88,018		(218,753)				413,476								
380299	(5,633)				5,633	0	380299	(5,633)		5,633						0								
381	2,330,888	195,100		(16,897)	(15,893)	2,493,196	381	792,633	(15,893)	88,732		(91)		(5,068)		858,513								
382	578,170	54,858			(14,481)	618,547	382	198,787	(14,481)	19,691		(25)				203,972								
383	888,580	38,749		(4,449)	(4,996)	717,884	383	231,622	(4,996)	24,060				(1,515)		249,171								
384	265,243	12,782			(5,238)	272,787	384	88,137	(5,238)	8,052		(1)				70,950								
385	75,307	0				75,307	385	25,120		3,084						28,204								
387	162,174	2,493		864	(4,955)	160,376	387	50,175	(4,955)	5,833		(120)		206		51,139								
389	40,806					40,806	389	0								0								
390	119,879					119,879	390	55,799		3,120						58,919								
3911	17,834	966		(149)	(198)	18,453	3911	(5,866)	(198)	1,121				(46)		(5,012)								
3912	27,820	5,350		0	(8,720)	26,450	3912	11,682	(8,720)	3,604						8,546								
3913	224,543	5,229	0	(2,191)	(1,322)	226,259	3913	130,097	(1,322)	26,157	40			(1,915)		153,067								
3921	259,538	109,249	0	(14,330)	(75,475)	278,980	3921	156,363	(75,475)	69,888	2,077			(8,841)		145,810								
3922	1,014,395	137,558			(90,653)	1,061,300	3922	533,522	(90,653)	138,397	12,771					584,037								
3923	0					0	3923	0								0								
3924	18,712			0	(1,940)	16,772	3924	15,829	(1,940)	2,831	253					16,773								
393	13,359	0			0	13,359	393	6,966	0	972						7,938								
394	231,593	13,100		925	(11,280)	234,338	394	89,919	(11,280)	11,543	600			895		71,477								
395	465				0	465	395	(2,275)	0	24						(2,251)								
396	119,824	1,564		(1,590)	(11,388)	108,210	396	67,781	(11,388)	7,707	763			(901)		63,962								
397	112,908	0			(7,525)	105,383	397	35,868	(7,525)	6,364						34,705								
398	12,130				0	12,130	398	1,009		1,260						2,269								
35,632,283						2,068,500	0	(27,282)	(422,804)	37,250,697	12,398,813						(422,804)	1,406,800	16,504	(297,452)	12	(13,149)	0	13,088,524
COMMON PLANT																								
389	341,926					341,926	389																	
3891	0					0	3891														0			
390	466,138					466,138	390	226,011		12,120											238,131			
3911	55,842	8625			-23900	38,567	3911	29,408	(23,900)	3,358				0							8,864			
3912	58,109	16,800			(740)	72,169	3912	17,283	(740)	7,278	53			0							23,874			
3913	693,174	91,522		(2,218)	(91,446)	691,032	3913	381,949	(91,446)	78,083				(2,095)							366,491			
3921	117,877	15,504				133,381	3921	56,264	0	34,192	318			0							92,774			
397	11,141				(212)	10,929	397	3,643	(212)	853											4,084			
1,742,208						130,451	0	(2,218)	(116,298)	1,754,143	716,558						(116,298)	135,682	371	0	0	(2,095)	0	734,218
TOTAL																								
37,374,491						2,198,951	0	(29,500)	(539,102)	39,004,840	13,115,371						(539,102)	1,542,282	16,875	(297,452)	12	(15,244)	0	13,822,742

FLORIDA PUBLIC UTILITIES COMPANY
SANFORD - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
1997

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)				
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustment	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirement	Accruals	Salvage	Cost of Removal	Purchases & Adjustment	Transfers	Reclassifications	Ending Balance
304						0	304									0
305						0	305									0
311						0	311									0
320						0	320									0
360						0	360									0
361						0	361									0
362						0	362	0								0
374	28,486					28,486	374	914		456						1,370
3741	14,334					14,334	3741	0								0
375	13,324					13,324	375	2,784		360						3,144
3761	1,391,628	132,221			0	1,523,849	3761	265,834	0	41,894		(180)				307,548
3762	2,060,171	226,814			0	2,286,985	3762	834,144	0	65,933		(2,764)				897,313
377	0					0	377	0								0
378	5,102					5,102	378	369		192						561
379	203,591					203,591	379	69,960		6,924						76,884
3801	1,280,848	68,415			(5,618)	1,343,645	3801	276,148	(5,618)	41,705		(6,004)				306,231
3802	156,178	0			(521)	155,657	3802	79,807	(521)	10,445		(5,513)				84,218
381	390,037			4,783	(2,690)	392,130	381	174,279	(2,690)	14,045		(9)		1,051		186,676
382	110,712	11,885			(465)	122,132	382	34,072	(465)	3,772						37,379
383	82,942	1,438		2,670	(383)	86,667	383	34,231	(383)	2,832		(17)		914		37,577
384	64,619	2,311			(280)	66,650	384	17,886	(280)	1,963						19,569
385	5,829	18,802				24,631	385	5,829		168						5,997
387	16,147	535		0	0	16,682	387	5,742	0	576						6,318
389	8,436					8,436	389	0								0
390	94,817			0		94,817	390	40,501		2,460						42,961
3911	2,031			149		2,180	3911	(93)		143				49		99
3912	3,289				0	3,289	3912	1,691	0	420						2,111
3913	39,629	1,113			0	40,742	3913	26,653	0	4,632						31,285
3921	58,425	0		14,330	(9,623)	63,132	3921	47,890	(9,623)	8,310	1,400			8,842		56,819
3922	157,504	19,811		1,219	(11,831)	166,703	3922	123,789	(11,831)	22,731				(865)		133,824
3923	0					0	3923	0								0
3924	2,838					2,838	3924	1,201		546						1,747
393	0					0	393	0								0
394	33,964	1,925		0	0	35,889	394	10,221	0	1,760						11,981
395	0					0	395	0								0
396	16,883	0				16,883	396	6,443		1,128						7,571
397	30,778			796		31,574	397	25,490		1,832				604		27,926
398	3,392					3,392	398	2,887		348						3,235
	6,275,934	485,270	0	23,947	(31,411)	6,753,740		2,088,672	(31,411)	235,575	1,400	(14,487)	0	10,595	0	2,290,344

FLORIDA PUBLIC UTILITIES COMPANY
DELAND - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
1997

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)				
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustment	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirement	Accruals	Salvage	Cost of Removal	Purchases & Adjustment	Transfers	Reclassifications	Ending Balance
304						0	304									0
305						0	305									0
311						0	311									0
320						0	320									0
360						0	360									0
361						0	361									0
362						0	362									0
374	15,935	0				15,935	374									0
3741	0															
375	4,521					4,521	375	4,347		120						4,467
3761	350,554	25,974				376,528	3761	60,964		10,780						71,744
3762	1,018,742	26,429			(1,378)	1,043,793	3762	385,706	(1,378)	33,324		(6,970)				410,682
377	0					0	377	0								0
378	6,158	79				6,237	378	(5,928)		228						(5,700)
379	49,608	235,915				285,523	379	13,118		1,692						14,810
3801	375,879	50,052			(4,381)	421,550	3801	63,715	(4,381)	12,703		(4,148)				67,889
3802	105,973	0			(2,605)	103,368	3802	78,247	(2,605)	7,029		(10,187)				72,484
381	228,064			5,970	(6,753)	227,281	381	99,441	(6,753)	8,126		(103)	1,857			102,568
382	56,865	6,832			(935)	62,762	382	20,786	(935)	1,924		(148)				21,627
383	44,773			915	(96)	45,592	383	11,628	(96)	1,540			308			13,380
384	21,436	800			(375)	21,861	384	6,599	(375)	656		(20)				6,860
385	7,573	13				7,586	385	(1,579)		312						(1,267)
387	8,714	2,163				10,877	387	3,734		347						4,081
389	3,771					3,771	389	0								0
390	181,750					181,750	390	60,380		4,728						65,108
3911	12,457				0	12,457	3911	4,370	0	792						5,162
3912	4,970					4,970	3912	2,707	0	624						3,331
3913	44,345				0	44,345	3913	30,644	0	5,184						35,828
3921	37,533	0				37,533	3921	11,532	0	10,320						21,852
3922	156,275	19,733		(1,218)	(8,943)	165,847	3922	98,325	(8,943)	22,487			865			112,734
3923	0					0	3923	0	0	0						0
3924	985					985	3924	575	0	150						725
393	0					0	393	0	0	0						0
394	21,494	0		0	0	21,494	394	10,026	0	1,080						11,106
395	0					0	395	0	0	0						0
396	13,340	0				13,340	396	8,758		888						9,646
397	37,115	1,339		(796)		37,658	397	27,091		2,172			(605)			28,658
398	2,788					2,788	398	552		288						840
2,811,619	369,329	0	4,871	(25,466)	3,160,353		995,738	(25,466)	127,494	0	(21,576)	0	2,425	0	1,078,615	

Dec. 31, 1997

CONSTRUCTION WORK IN PROGRESS-GAS (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 (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	WPB		
2			
3			
4	Main Extensions	3,648	33,764
5	Model 5 Prover	18,998	90
6			
7			
9			
10			
11	SANFORD		
12			
13	Regal Pointe Apts. - Main Extension	3,503	12,828
14			
15			
16			
17	DELAND		
18			
19	Parkview Heights - Main Extension	3,454	13,226
20			
21			
24			
34			
35			
36			
37			
38	* Grouped Items		
39			
40			
41	TOTAL	\$29,603	\$59,908

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
 2. On page 30 furnish information concerning construction overheads.
 3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 30 the accounting procedures employed

and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
 4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Administrative and General Overheads	-	
2	Payroll Taxes, Pensions, Group and Worker's		
3	Compensation Insurance	\$65,570	
4	Allowance for funds used during construction	-	
5			
6			
7			
8			
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37			
38	TOTAL	\$65,570	\$2,609,280

Dec. 31, 1997

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

Administrative and general overheads are intended to cover that portion of administrative and general expenses determined as applicable to construction. Overheads are distributed to construction jobs on the basis of direct labor costs incurred. Engineering and superintendents treated as overheads include only such portion as are not directly chargeable to specific construction jobs. All supervision costs which are directly applicable are charged to construction.

See attached schedule for methods used to determine Allowance for Funds Used During Construction.

Payroll taxes, pensions, group insurance and workmen's compensation insurance are all directly applied to all company labor charged to construction. The rates are revised monthly, based upon cost. Only the workmen's compensation insurance rate varies with the type of construction - - electric, gas or water - - with the basis being the cost of insurance as determined by utility experience rates.

PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance (100.1650.2)	293,385
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions & Software Maintenance (1650.3 & .4)	1,182,779
7	TOTAL 1650.*	1,476,164

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	NONE					
2						
3						
4						
5						
6						
7						
8						
9		TOTAL				

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10	NONE					
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	TOTAL					

OTHER REGULATORY ASSETS (Account 182.3)

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

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

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1						
2	See Page 35					
3						
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42						
43	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 (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Energy Conservation Program	\$0	\$0		\$0	\$0
2	Undistributed Capital					
3	-Accrued Payroll	22,980	279,790		(273,734)	\$29,036
4	Amortized Piping Costs	371,109	324,596		(88,993)	\$606,712
5	Amortized Conversion Cost	34,722	21,299		(10,497)	\$45,524
6	Underrecovery Conservation	39,524	24,857		0	\$64,381
7						
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46						
47	Misc. Work in Progress	(219,543)				(\$393,895)
48	Deferred Regulatory Comm. Expenses					
49	(See Pages 58 - 59)	74,039	0	928	35,255	\$38,784
50	TOTAL	\$322,831				\$390,542

Dec. 31, 1997

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 listed under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR				ADJUSTMENTS				Balance at End of Year (k)
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)	Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS		
							Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)	
1	ELECTRIC										
2	AMT	(37,353)	106,908								69,555
3	Conservation Prog. & Pensions		0								
4	Int. Not Cap. & Amort. of Dept.	4,554	(4,554)								0
5	Regulatory	528,662	(528,662)								0
6	Self Ins Res. & Audit Fee	32,014	(1,619)								30,395
7	Uncollectible & Rate Refund	59,243	(9,875)								49,368
8	vacation Pay	47,186	1,282								48,468
9	TOTAL Electric (Lines 2 - 4)	634,306	(436,520)								197,786
10	GAS										
11	AMT	(31,104)	127,497								96,393
12	Interest Not Cap. & Amort of Dept.	4,396	(4,396)								0
13	Regulatory	66,321	(66,321)								0
14	Self Insurance Res. & Audit Fee	50,290	(2,498)								\$47,792
15	Uncollectible	17,957	(2,516)								15,441
16	Vacation Pay	95,729	2,834								98,563
17	Environmental	1,806,676	175,830								1,982,506
18	TOTAL Gas (Lines 7 - 19)	\$2,010,265	\$230,430								\$2,240,695
19	Other (Specify) Water Division	\$91,135	(67,524)								\$23,611
20	TOTAL (Account 190) (Enter Total of lines 5,20 & 21)	\$2,735,706	(273,614)								\$2,462,092
21	WATER DIVISION										
22	AMT	2,875	7,717								10,592
23	Interest Not Cap. & Amort of Dept.	842	(842)								0
24	Regulatory	74,039	(74,039)								0
25	Self Insurance Res. & Audit Fee	5,219	(519)								\$4,700
26	Vacation Pay	8,160	159								8,319
27	TOTAL WATER (Line 19 above)	91,135	(67,524)								23,611

NOTES

SECURITIES ISSUED OR ASSUMED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR

- | | |
|---|--|
| <p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.</p> <p>3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate,</p> | <p>nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p> <p>5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.</p> |
|---|--|

None

Dec. 31, 1997

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

1. Report by balance sheet Account the 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. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.
5. 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.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
 7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
 8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
 9. Give particulars (details) concerning any long-term debt authorized by a regulatory Commission but not yet issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	INTEREST FOR YEAR		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	FIRST MORTGAGE BONDS:						
2							
3							
4	9.57% Series Due 2018	5/1/88	5/1/18	10,000,000	9.57%	957,000	10,000,000
5	10.03% Series Due 2018	5/1/88	5/1/18	5,500,000	10.03%	551,650	5,500,000
6	9.08% Series Due 2022	6/1/92	6/1/22	8,000,000	9.08%	726,400	8,000,000
7							
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9							
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22							
23							
24							
25	TOTAL			23,500,000		2,235,050	23,500,000

Dec. 31, 1997

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. 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 Uniform System of Accounts.
6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.
7. 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.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at Beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	FIRST MORTGAGE BONDS:							
2								
3	9.57% Series Due 2018	10,000,000	180,273	5/1/88	5/1/18	117,779	(7,211)	110,568
4	10.03% Series Due 2018	5,500,000	97,070	5/1/88	5/1/18	63,419	(3,883)	59,536
5	9.08% Series Due 2022	8,000,000	121,867	6/1/92	6/1/22	103,706	(4,067)	99,639
6								
7								
8								
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14								
15								
16	NOTE: Account 189 - \$5,000,000 Reacquired Bond originally due in 1998 has reacquired debt loss and is amortized in Account 4280.1.							
17	The associated amount for 1997 was \$18,284.00. \$2,000,000 Reacquired Bond originally due in 2002 has reacquired debt loss and is							
18	amortized in Account 428. The associated amount for 1997 is \$4,078.							
19								
20	Expenses incurred to obtain a \$13,000,000 line of credit is amortized in Account 4280.3 by the amount of \$5,434 for 1997.							
21								
22	The amortization of debt discount occurs in Account 4280.2. The associated amount for 1997 was \$15,161							
23								
24	Total Account 4280 = \$42,957							
25								
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45								
46		23,500,000	399,310			284,904	(15,161)	269,743

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with

General Instruction 17 of the Uniform Systems of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Unamortized Loss on Reacquired Debt 12.5% Due 1988 Maturity date of new issue - 5/1/18	5/1/88	5,000,000	548,516	391,579	373,295
2						
3						
4						
5						
6						
7	Unamortized Loss on Reacquired Debt 8% Due 2002	7/1/93	2,000,000	36,699	22,426	18,349
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						391,644

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 14) *	\$3,263,073
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Service Contributions	635,000
6	Conservation Program Costs	195,229
7	Underrecoveries of Purchased Energy Costs	1,218,468
8	Deductions Recorded on Books Not Deducted for Return	
9	Environmental Costs	227,657
10	Income taxes (Excluding Current State Income Taxes)	1,371,204
11	Loss on Reaquired Debt	22,362
12	Vacation Pay	12,023
13	Rate Case Expense	35,255
14	Outside Audit Fees	2,000
15	Meals Expense	8,882
16	Depreciation Study	15,973
17	Natural Gas Odorizer	2,095
18	Penalties	5,096
19	Income Recorded on Books Not Included in Return	
20	Uncollectible Reserve	20,823
21		
22	Deductions on Return Not Charged Against Book Income	
23	Cost of Removal ADR	80,000
24	Depreciation	514,724
25	Pension Reserve	169,440
26	Ordinary Loss on ACRS Property	150,000
27	Self - Insurance Reserve	14,319
28	Rate Refund Pending	13,000
29		
30	Federal Tax Net Income	6,052,011
31	Show Computation of Tax:	
32		
33	Tax at 34%	2,057,684
34	Rounding	41
35	TOTAL Federal Income Tax Payable	2,057,725
36	* Excludes Flo-Gas Net Income of \$ (72,717)	

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

	Name of Taxing Authority	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
1	TAXES (ACCRUED)/PREPAID BEG. OF YEAR	511,649	30,753	0	0	0	(624)	(154,791)	(152,872)	(1,748)	411	232,778
2	Taxes Charged During Year											
3												
4	Federal Taxes	1,969,924					818,515			46		2,788,485
5												
6	State of Florida Taxes		310,830			14,503	2,704	1,780,280	242,070	(4,692)	0	2,345,695
7												
8	Local Taxes			1,148,573							6,965	1,155,538
9												
10												
11												
12	TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)	1,969,924	310,830	1,148,573	0	14,503	821,219	1,780,280	242,070	(4,646)	6,965	6,289,718
13	Taxes Paid During Year											
14												
15	Federal Taxes	1,513,983					818,477			4,622		2,337,082
16												
17	State of Florida Taxes		286,472			14,503	2,749	1,781,531	236,350	(7,520)	0	2,314,085
18												
19	Local Taxes			1,148,573							6,554	1,155,127
20												
21												
22												
23	TOTAL TAXES PAID DURING YEAR (Lines 14-24 Adjustments (list))	1,513,983	286,472	1,148,573	0	14,503	821,226	1,781,531	236,350	(2,898)	6,554	5,806,294
24												
25												
26												
27	TOTAL ADJUSTMENTS (Lines 24-26)	0										
28	TAXES (ACCRUED)/PREPAID END OF YEAR (Lines 1+12-23+/-27)	55,708	6,395	0	0	0	(617)	(153,540)	(158,592)	0	0	(250,646)

DISTRIBUTION OF TAXES CHARGED

		Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
29												
30	Electric (Account 408.1, 409.1)	615,353	94,327	414,156	0	7,203	143,776	972,797	32,778	(2,136)	200	2,278,454
31	Gas (Account 408.1, 409.1)	999,445	155,824	644,227	0	7,300	400,291	807,483	123,295	(2,182)	6,765	3,142,448
32	Other Utility Departments (408.1, 409.1)	51,309	8,548	90,190	0	0	28,794	0	85,997	(328)	0	264,510
33	Other Income and Deductions (408.2, 409.2)	299,532	51,320	0	0	0	0	0	0	0	0	350,852
34	Extraordinary Items (Account 409.3)											
35	Other Utility Operating Income (408.1, 409.1)											
36	Adjust. to Retained Earnings (Account 439)											
37	CWIP (Account 207)											
38	Other Balance Sheet Accounts & Merch. & Jobbing						248,358					248,358
39	1995 I/t Penalty	4,285	811									5,096
40												
41												
42	TOTAL (Should equal Lines 12+/-Line 27, if applicable)	1,969,924	310,830	1,148,573	0	14,503	821,219	1,780,280	242,070	(4,646)	6,965	6,289,718

December 31, 1997

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)	Balance at End Year (h)	Average Period of Allocation to Income (i)
			Acct. No. (c)	Amount (d)	Acct. No. (e)	Amount (f)			
1	Gas Utility								
2	3%	16,861			4110.4	4,089		12,772	35 YEARS
3	4%	25,602			4110.4	3,300		22,302	35 YEARS
4	7%	0				0		0	
5	10%	630,034			4110.4	47,774		582,260	35 YEARS
6	Prior Period Adjustment	(49)						(49)	
7									
8	TOTAL	672,448				55,163		617,285	
9	ELECTRIC Utility								
10	3%	1,305			4110.4	761		544	28 YEARS
11	4%	34,789			4110.4	5,810		28,979	28 YEARS
12	7%	0				0		0	
13	10%	592,244			4110.4	42,970		549,274	28 YEARS
14	Prior Period Adjustment	(7,769)						(7,769)	
15	TOTAL	620,569				49,541		571,028	
16	WATER Utility								
17	3%	797			4110.4	118		679	34 YEARS
18	4%	2,392			4110.4	217		2,175	34 YEARS
19	7%	0				0		0	
20	10%	118,349			4110.4	6,602		111,747	34 YEARS
21	Prior Period Adjustment	23						23	
22	TOTAL	121,561				6,937		114,624	
23									
24	TOTAL UTILITY	1,414,578				111,641		1,302,937	

NOTES

1. Use this space to explain any adjustments made in this period.
2. Use this space to list by year generated and by amount any ITCs that have not been utilized and have not expired by the end of the period.

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year. 2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1		
2	Vacation Pay	607,068
3		
4	Outside Audit Fees	83,750
5		
6	Commission Funds	1,681
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	TOTAL	692,499

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits. amortization. 3. Minor Items (less than \$25,000) may be grouped by classes.
2. For any deferred credit being amortized, show the period of

Line No.	Description of Other Deferred Credit (a)	Balance 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 (Amortized over succeeding six month period)	423,682	456.1	1,330,974	1,487,474	580,182
2			456.11			
3						
4						
5	Over Recovery of Fuel Adjustment - Gas (Amortized over succeeding twelve month period)	0	495.1	909,356	1,036,071	126,715
6			495			
7						
8						
9	Environmental Insurance Proceeds	4,531,106	1860.1	13,812	315,225	4,832,519
10						
11	Over Recovery - Conservation	18591	456.6	0	220,086	238,677
12						
13	Gain on sale of property	0	4030.1	0	72,022	72,022
14						
15						
16						
17						
18						
19						
20						
21	TOTAL	\$4,973,379		\$2,254,142	\$3,130,878	\$5,850,115

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)

Line No.	Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
		Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
						Account No.	Amount	Account No.	Amount	
1										
2	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY									
3	Electric									
4	Gas									
5	Other									
6										
7	TOTAL ACCOUNT 281 (Lines 3 thru 6)	0	0	0	0		0		0	0
8										
9	ACCOUNT 282 - OTHER PROPERTY									
10	Electric	4,439,329	(512,994)							3,926,335
11	Gas	4,613,219	72,152							4,685,371
12	Other	(153,211)	(31,166)							(184,377)
13										
14	TOTAL ACCOUNT 282 (Lines 10 thru 13)	8,899,337	(472,008)	0	0	0	0	0	0	8,427,329
15										
16	ACCOUNT 283 - OTHER									
17	Electric	374,882	(126,677)							248,205
18	Gas	555,587	(389,861)							165,726
19	Other - Water	15,170	753							15,923
20										
21	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)	945,639	(515,785)	0	0	0	0	0	0	429,854
22										
23	ELECTRIC									
24	Federal Income Tax	4,250,878	(572,251)							3,678,627
25	State Income Tax	563,333	(67,420)							495,913
26										
27	TOTAL ELECTRIC (Lines 24 thru 26)	4,814,211	(639,671)	0	0	0	0	0	0	4,174,540
28										
29	GAS									
30	Federal Income Tax	4,556,889	(307,210)							4,249,679
31	State Income Tax	611,917	(10,499)							601,418
32										
33	TOTAL GAS (Lines 30 thru 32)	5,168,806	(317,709)	0	0	0	0	0	0	4,851,097
34										
35	OTHER - WATER									
36	Federal Income Tax	(104,321)	(30,154)							(134,475)
37	State Income Tax	(33,720)	(259)							(33,979)
38										
39	TOTAL OTHER (Lines 36 thru 38)	(138,041)	(30,413)	0	0	0	0	0	0	(168,454)
40										
41	TOTAL (Total of lines 7, 14, 21 and Lines 27, 33, 39)	9,844,976	(987,793)	0	0	0	0	0	0	8,857,183
42										

NOTES

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)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1						
2	See Page 44					
3						
4						
5						
6						
7						
8						
9						
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11						
12						
13						
14						
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32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL					

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, 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.
4. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
5. Report gas service revenues and therms sold by rate schedule.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	FIRM SALES SERVICE		
3	480 Residential Sales	9,837,673	9,889,843
4	481 Commercial & Industrial Sales - Small	6,109,693	5,535,490
5	481 Commercial & Industrial Sales - Large]	12,979,802	11,484,131
6	481		
7	481		
8	481		
9	INTERRUPTIBLE SALES SERVICE		
10	481 Commercial & Industrial Sales - Interruptible	2,042,760	1,981,770
11	481		
12	FIRM TRANSPORTATION SERVICE		
13	489		
14	489		
15	489		
16	INTERRUPTIBLE TRANSPORTATION SERVICE		
17	489		
18	482 Other Sales to Public Authorities	717,260	781,409
19	484 Flex Rate - Refund		
20	TOTAL Sales to Ultimate Consumers	31,687,188	29,672,643
21	483 Sales for Resale		
22	Off-System Sales 4000.4954*	828,607	926,140
23	TOTAL Nat. Gas Service Revenues	32,515,795	30,598,783
24	TOTAL Gas Service Revenues	32,515,795	30,598,783
25	OTHER OPERATING REVENUES		
26	485 Intracompany Transfers		
27	487 Forfeited Discounts		
28	488 Misc. Service Revenues	250,505	256,034
29	489 Rev. from Trans. of Gas of Others (not included		
30	in above rate schedules)	283,172	317,339
31	493 Rent from Gas Property		
32	494 Interdepartmental Rents		
33	495 Other Gas Revenues		
34	Initial Connection		
35	Reconnect for Cause		
36	Collection in lieu of disconnect		
37	Returned Check		
38	Unbilled Revenue	71,198	(28,085)
39	Other 495.2	17,654	29,705
40	495.1 Overrecoveries Purchased Gas	336,323	680,546
41	TOTAL Other Operating Revenues	958,852	1,255,539
42	TOTAL Gas Operating Revenues	33,474,647	31,854,322
43	(Less) 496 Provision for Rate Refunds		
44	TOTAL Gas Operating Revenues Net of		
45	Provision for Refunds	33,474,647	31,854,322
46	Sales for Resale		
47	Other Sales to Public Authority		
48	Interdepartmental Sales		
49	TOTAL	33,474,647	31,854,322

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, 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.
4. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
5. Report gas service revenues and therms sold by rate schedule.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	FIRM SALES SERVICE		
3	480 Residential Sales	9,837,673	9,889,843
4	481 Commercial & Industrial Sales - Small	6,109,693	5,535,490
5	481 Commercial & Industrial Sales - Large]	12,979,802	11,484,131
6	481		
7	481		
8	481		
9	INTERRUPTIBLE SALES SERVICE		
10	481 Commercial & Industrial Sales - Interruptible	2,042,760	1,981,770
11	481		
12	FIRM TRANSPORTATION SERVICE		
13	489	283,172	317,339
14	489		
15	489		
16	INTERRUPTIBLE TRANSPORTATION SERVICE		
17	489		
18	482 Other Sales to Public Authorities	717,260	781,409
19	484 Flex Rate - Refund		
20	TOTAL Sales to Ultimate Consumers	31,970,360	29,989,982
21	483 Sales for Resale		
22	Off-System Sales 4000.4954*	828,607	926,140
23	TOTAL Nat. Gas Service Revenues	32,798,967	30,916,122
24	TOTAL Gas Service Revenues	32,798,967	30,916,122
25	OTHER OPERATING REVENUES		
26	485 Intracompany Transfers		
27	487 Forfeited Discounts		
28	488 Misc. Service Revenues	250,505	256,034
29	489 Rev. from Trans. of Gas of Others (not included		
30	in above rate schedules)	0	0
31	493 Rent from Gas Property		
32	494 Interdepartmental Rents		
33	495 Other Gas Revenues		
34	Initial Connection		
35	Reconnect for Cause		
36	Collection in lieu of disconnect		
37	Returned Check		
38	Unbilled Revenue	71,198	(28,085)
39	Other 495.2	17,654	29,705
40	495.1 Overrecoveries Purchased Gas	336,323	680,546
41	TOTAL Other Operating Revenues	675,680	938,200
42	TOTAL Gas Operating Revenues	33,474,647	31,854,322
43	(Less) 496 Provision for Rate Refunds		
44	TOTAL Gas Operating Revenues Net of		
45	Provision for Refunds	33,474,647	31,854,322
46	Sales for Resale		
47	Other Sales to Public Authority		
48	Interdepartmental Sales		
49	TOTAL	33,474,647	31,854,322

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

6. 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.

7. See page 9, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year	Number for Previous Year (g)	
				1
				2
8,599,970	9,377,490	31,835	31,262	3
8,759,910	8,615,650	2,424	2,282	4
21,673,990	20,829,980	873	867	5
				6
				7
				8
				9
4,214,680	4,534,100	13	13	10
				11
				12
20,331,520	17,195,200	2	2	13
				14
				15
				16
				17
1,097,110	1,314,320	204	204	18
				19
64,677,180	61,866,740	35,351	34,628	20
				21
2,634,950	2,862,390	1	1	22
67,312,130	64,729,130	35,352	34,629	23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
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				35
				36
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				42
				43
				44
				45
				46
				47
				48
67,312,130	64,729,130			49

NOTES

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

6. 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.

7. See page 9, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year	Number for Previous Year (g)	
				1
				2
8,599,970	9,377,490	31,835 31,262	31,262	3
8,759,910	8,615,650	2,424 2,282	2,282	4
21,673,990	20,829,980	873 867	867	5
				6
				7
				8
				9
4,214,680	4,534,100	13 ✓	13	10
				11
				12
				13
				14
				15
				16
				17
1,097,110	1,314,320	204 ✓	204	18
				19
44,345,660	44,671,540	34,628	34,628	20
				21
2,634,950	2,862,390	1	1	22
46,980,610	47,533,930	34,629	34,629	23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
				45
				46
				47
				48
46,980,610	47,533,930			49

NOTES

RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS

A residential space heating customer is a customer whose major fuel for heating is gas.

Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year (Estimate if not known. Designate with an asterisk if estimated.)	17,199	1,759
2	For Space Heating Only, Estimated Average Therms (14.73 psia at 60 degrees F) Per Customer for the Year	180	400
3	Number of Space Heating Customers Added During the Year	290	75
4	Number of Unfilled Application for Space Heating at End of Year	NONE	NONE

INTERRUPTIBLE, OFF PEAK, AND FIRM SALES TO DISTRIBUTION SYSTEM INDUSTRIAL CUSTOMERS

1. Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Therms of gas sales to these customers for the year.
2. Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of the contractual arrangements in emergency periods,
- by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.
3. Off peak sales are seasonal and other sales which do not occur during wintertime demands.
4. Report pressure base of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Item (a)	Number/Amount (b)
1	Interruptible Customers	
2	Average Number of Customers for the Year	13
3	Therms of Gas Sales for the Year	4,214,680
4	Off Peak Customers	
5	Average Number of Customers for the Year	
6	Therms of Gas Sales for the Year	
7	Firm Customers	
8	Average Number of Customers for the Year	
9	Therms of Gas Sales for the Year	
10	TOTAL Industrial Customers	
11	Average Number of Customers for the Year	13
12	Therms of Gas Sales for the Year	4,214,680

Florida Public Utilities Company		An Original	For the Year Ended
			Dec. 31, 1997
GAS OPERATION AND MAINTENANCE EXPENSES			
If the amount for previous year is not derived from previously reported figures, explain in footnotes.			
Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	B. TOTAL Natural Gas Prod. and Gathering (Enter Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Enter Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Enter Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	11,569,622	11,641,693
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	5,615,570	5,895,355
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	1,536,442	(304,377)
16	(Less) 805.1 Purchased Gas Cost Adjustments		
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	18,721,634	17,232,671
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses	16,084	
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	16,084	
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	0	
35	813 Other Gas Supply Expenses	108,286	102,890
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	18,846,004	17,335,561
37	TOTAL Production Expenses (Enter Total of Lines 2,3,4,5 and 36)		
38	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)		
40	B. TOTAL Other Storage Expenses (Enter Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Enter Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Enter Total of lines 39, 40, and 41)		
43	3. TRANSMISSION EXPENSES		
44	TOTAL Transmission Expenses (Enter Total of Accounts 850 through 867)		
45			
46			

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. DISTRIBUTION EXPENSES		
48	Operation		
49	870 Operation Supervision and Engineering	210,062	168,433
50	871 Distribution Load Dispatching	16,290	16,285
51	872 Compressor Station Labor and Expenses	153	
52	873 Compressor Station Fuel and Power	49	29
53	874 Mains and Services Expenses	543,710	530,058
54	875 Measuring and Regulating Station Expenses--General	332	321
55	876 Measuring and Regulating Station Expenses--Industrial	6,977	7,106
56	877 Measuring and Regulating Station Expenses--City Gate Check Sta.	19,471	22,636
57	878 Meter and House Regulator Expenses	868,122	836,145
58	879 Customer Installations Expenses	165,539	173,093
59	880 Other Expenses	557,690	587,741
60	881 Rents	3,600	3,190
61	TOTAL Operation (Enter Total of lines 49 through 60)	2,391,994	2,345,038
62	Maintenance		
63	885 Maintenance Supervision and Engineering	53,430	54,975
64	886 Maintenance of Structures and Improvements	33,423	25,334
65	887 Maintenance of Mains	206,360	291,863
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	3,009	6,410
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	190	242
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.	42,430	30,305
70	892 Maintenance of Services	94,775	97,503
71	893 Maintenance of Meters and House Regulators	175,255	172,616
72	894 Maintenance of Other Equipment	11,856	15,317
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	620,729	694,566
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	3,012,723	3,039,604
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision	36,717	30,091
78	902 Meter Reading Expenses	279,456	279,780
79	903 Customer Records and Collection Expenses	736,747	723,472
80	904 Uncollectible Accounts	63,202	70,095
81	905 Miscellaneous Customer Accounts Expenses	66,876	55,987
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	1,182,997	1,159,425
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses	36	36
87	909 Informational and Instructional Expenses		
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	36	36
90	7. SALES EXPENSES		
91	Operation		
92	911 Supervision	89,808	85,218
93	912 Demonstrating and Selling Expenses	560,540	551,685
94	913 Advertising Expenses	77,681	130,434
95	916 Miscellaneous Sales Expenses	144,683	103,558
96	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	872,711	870,895
97			

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. ADMINISTRATIVE AND GENERAL EXPENSES		
99	Operation		
100	920 Administrative and General Salaries	766,590	731,070
101	921 Office Supplies and Expenses	178,561	165,854
102	(Less) (922) Administrative Expenses Transferred—Cr.		0
103	923 Outside Services Employed	82,920	95,557
104	924 Property Insurance	21,444	23,253
105	925 Injuries and Damages	424,539	424,571
106	926 Employee Pensions and Benefits	246,007	454,758
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses	49,844	46,169
109	(Less) (929) Duplicate Charges—Cr.		
110	930.1 General Advertising Expenses	50	74
111	930.2 Miscellaneous General Expenses	59,589	76,314
112	931 Rents	6,820	8,527
113	TOTAL Operation (Enter Total of lines 100 through 112)	1,836,365	2,026,148
114	Maintenance		
115	935 Maintenance of General Plant	60,760	88,276
116	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	1,897,125	2,114,424
117	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	25,811,596	24,519,945
118			
119			
120			
121			
122			
123			
124			
125			
126			
127			
128			
129			
130	NUMBER OF GAS DEPARTMENT EMPLOYEES		
131			
132	1. The data on number of employees should be reported for payroll period ending nearest to October 31,		
133	or any payroll period ending 60 days before or after October 31.		
134	2. If the respondent's payroll for the reporting period includes any special construction personnel,		
135	include such employees on line 3, and show the number of such special construction employees in a footnote.		
136	3. The number of employees assignable to the gas department from joint functions of combination utilities		
137	may be determined by estimate, on the basis of employee equivalents. Show the estimated number of		
138	equivalent employees attributed to the gas department from joint functions.		
139			
140	1. Payroll Period Ended (Date)		10/31/97
141	2. Total Regular Full-Time Employees		222
142	3. Total Part-Time and Temporary Employees		3
143	4. Total Employees		225
144			
145			
146			
147			

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts:
- 800 Natural Gas Well Head Purchases
 - 800.1 Natural Gas Well Head Purchases, Intracompany Transfers
 - 801 Natural Gas Field Line Purchases
 - 802 Natural Gas Gasoline Plant Outlet Purchases
 - 803 Natural Gas Transmission Line Purchases
 - 804 Natural Gas City Gate Purchases
 - 804.1 Liquefied Natural Gas Purchases
 - 805 Other Gas Purchases
 - 805.1 Purchase Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.

2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.

3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).

4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased-Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	23,251,200	11,569,622	49.759
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	42,838,710	5,615,569	13.109
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases		1,536,442	
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Enter Total of lines 1 through 9)	66,089,910	18,721,633	28.328

NOTES TO GAS PURCHASES

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas		Manufactured Gas	
				Amount of Credit (d)	Amount per Therm (in cents) (e)	Therms of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel -- Cr.						
2	811 Gas used for Products Extraction -- Cr.						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respondent's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-- Cr. (Report separately for each principal uses. Group minor uses)						
6							
7	Heat, Hot Water, A/C	812	79,250				
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL		79,250				

OTHER GAS SUPPLY EXPENSES (Account 813)

Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.

Line No.	Description (a)	Amount (in dollars) (b)
1	Natural Gas Procurement	108,286
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$17,768
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	0 0
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent	36,086
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)	
5	Chamber of Commerce Directors Fees and Expenses (26 items) Miscellaneous Expenses (23 items)	0 4,543 1,192
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19	TOTAL	59,589

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403,404.1,404.2,404.3,405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization & Depletion of Prod. Nat. Gas Land & Land Rights (Account 404.1) (c)	Amortization of Under-ground Storage Land & Land Rights (Account (404.2)) (d)	Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)
1	Intangible Plant	-	-	-	-	-	-
2	Production plant, manufactured gas	-	-	-	-	-	-
3	Production and gathering plant, nat. gas	-	-	-	-	-	-
4	Products extraction plant	-	-	-	-	-	-
5	Underground gas storage plant	-	-	-	-	-	-
6	Other storage plant	-	-	-	-	-	-
7	Base load LNG term. & proces. plant	-	-	-	-	-	-
8	Transmission Plant	-	-	-	-	-	-
9	Distribution Plant	1,404,061	-	-	-	-	1,404,061
10	General Plant	90,351	-	-	-	-	90,351
11	Common Plant-Gas						67,174
12	Environmental Clean Up	-	-	-	-	239,604	239,604
13							
14							
15							
16							
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32							
33							
34							
35							
36							
37	TOTAL	1,494,412				239,604	1,801,190

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	12,345
5	426.12 Charitable Contributions: Outside Service Area	1,100
6	426.13 Civic and Social Club Dues	5,726
7	426.3 Penalties	5,096
8	426.4 Expenditures for Lobbying and Other Politically Related Acti	212
9	426.5 Other	
10	Chamber of Commerce	9,888
11	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	34,367
12		
13		
14	Account 430: Interest on Debt to Associated Company	
15	Accounts Payable at 4.844% (12 mo. avg. of the interest rates applied)	(121,775)
16		
17		
18	Account 431: Other Interest Expense	
19	431.1 Interest on Customer Deposits	197,108
20	431.2 Interest on Notes Payable	407,220
21	431.3 Interest on Miscellaneous	5,346
22	TOTAL OTHER INTEREST EXPENSE	609,674
23		
24		
25		
26		
27		

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	TOTAL Operation and Maintenance - Electric	1,776,477	191,675	1,968,152
3	Gas			
4	Operation			
5	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	88,927		
6	Transmission	-		
7	Distribution	1,819,335		
8	Customer Accounts	750,558		
9	Customer Service and Informational			
10	Sales	583,801		
11	Administrative and General	296,347		
12	TOTAL Operation (Enter Total of lines 5 through 11)	3,538,968		
13	Maintenance			
14	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.			
15	Transmission			
16	Distribution	419,035		
17	Administrative and General	3,065		
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	422,100		
19	Total Operation and Maintenance			
20	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	88,927		
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Enter Total of lines 7 and 16)	2,238,370		
23	Customer Accounts (Transcribe from line 8)	750,558		
24	Customer Service and Informational (Transcribe from line 9)	-		
25	Sales (Transcribe from line 10)	583,801		
26	Administrative and General (Enter Total of lines 11 and 17)	299,412		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	3,961,068	399,045	4,360,113
28	Other Utility Departments			
29	Operation and Maintenance - Water	409,569	33,272	442,841
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	6,147,114	623,992	6,771,106
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant	759,069	-	759,069
34	Gas Plant	561,171	-	561,171
35	Other	50,847	-	50,847
36	TOTAL Construction (Enter Total of lines 33 through 35)	1,371,087	-	1,371,087
37	Plant Removal (By Utility Department)			
38	Electric Plant	68,903	-	68,903
39	Gas Plant	199,054	-	199,054
40	Other	743	-	743
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	268,700	-	268,700
42				
43	Other Accounts (Specify):			
44	Other Accounts Receivable/Employee	120,729	-	120,729
45	Temporary Facilities	20,104	-	20,104
46	Stores Expense	278,994	-	278,994
47	Clearing Accounts	126,868	-	126,868
48	Miscellaneous Deferred Debits	112,636	-	112,636
49	Merchandise and Jobbing	486,954	-	486,954
50	Taxes other Than Income Taxes-Electric/Gas/Water	(248,358)	-	(248,358)
51	Vacation Pay	(17,682)	-	(17,682)
52	Other Accounts Receivable	1,418,934	105,861	1,524,795
53	TOTAL Other Accounts	2,299,179	105,861	2,405,040
54	TOTAL SALARIES AND WAGES	10,086,080	729,853	10,815,933

REGULATORY COMMISSION EXPENSES (Account 928)

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. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description 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 to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1	Legal Fees and Miscellaneous Expenses				
2	Incurred by the Company in its Filings for				
3	Rate Relief on Docket Number 9330400-EI		28,224	28,224	8,232
4					
5	Legal Fees and Miscellaneous Expenses				
6	Incurred by the Company in its Filings for				
7	Rate Relief on Docket Number 940620-GU		112,807	112,807	65,807
8					
9					
10					
11					
12					
13					
14					
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27					
28					
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33					
34					
35					
36					
37					
38					
39					
40	TOTAL		141,031	141,031	74,039

REGULATORY COMMISSION EXPENSES (Account 928) (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 34

for Account 186.

5. List in column (f), (g) and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

6. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR		Deferred in Account 186 End of Year (l)	Line No.
CHARGED CURRENTLY TO			Deferred to Account 186 (i)	Contra Account (j)		
Department (f)	Account No. (g)	Amount (h)				
						1
						2
Electric		0	0	928	7,056	3
						4
						5
						6
Gas		0	0	928	28,199	7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
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						32
						33
						34
						35
						36
						37
						38
						39
		0	0		35,255	40

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain

Civic, Political and Related Activities.

- (a) Name and address of person or organization rendering services,
 - (b) description of services received during year and project or case to which services relate,
 - (c) basis of charges,
 - (d) total charges for the year, detailing utility department and account charged.
2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.
3. Designate with an asterisk associated companies.

1	Description (a)	Amount (b)																								
2																										
3	1. (a) Deloitte & Touche, 1645 Palm Beach Lakes Blvd., West Palm Beach, FL 33401																									
4	(b) Professional Accounting Services.																									
5	(c) Based on services rendered.																									
6	(d) Total charges for services, utility departments and accounts charged:																									
7																										
8																										
9	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Account</th> <th style="width: 20%;">Utility</th> <th style="width: 20%;">Allocation %</th> <th style="width: 40%;"></th> </tr> </thead> <tbody> <tr> <td>923</td> <td>GAS</td> <td>0.509</td> <td style="text-align: right;">45,937.25</td> </tr> <tr> <td>923</td> <td>ELECTRIC</td> <td>0.359</td> <td style="text-align: right;">32,399.75</td> </tr> <tr> <td>923</td> <td>WATER</td> <td>0.054</td> <td style="text-align: right;">4,873.50</td> </tr> <tr> <td>923</td> <td>FLO-GAS</td> <td>0.078</td> <td style="text-align: right;">7,039.50</td> </tr> <tr> <td colspan="3"></td> <td style="text-align: right; border-top: 1px solid black;">90,250.00</td> </tr> </tbody> </table>	Account	Utility	Allocation %		923	GAS	0.509	45,937.25	923	ELECTRIC	0.359	32,399.75	923	WATER	0.054	4,873.50	923	FLO-GAS	0.078	7,039.50				90,250.00	
Account	Utility	Allocation %																								
923	GAS	0.509	45,937.25																							
923	ELECTRIC	0.359	32,399.75																							
923	WATER	0.054	4,873.50																							
923	FLO-GAS	0.078	7,039.50																							
			90,250.00																							
10																										
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14																										
15																										
16																										
17																										
18	2. (a) Akerman, Senterfitt & Eidson, P.O. Box 231 Orlando, FL 32802																									
19	(b) Professional Legal Services for Environmental Issues.																									
20	(c) Based on services rendered.																									
21	(d) Total charges for services, utility department and account charged:																									
22																										
23																										
24	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 20%;">923</td> <td style="width: 20%;">GAS</td> <td style="width: 20%;">4,680</td> <td style="width: 40%;"></td> </tr> <tr> <td>186</td> <td>GAS</td> <td>67,806</td> <td style="text-align: right; border-top: 1px solid black;">74,211.00</td> </tr> <tr> <td>186</td> <td>Flo -Gas</td> <td>1,725</td> <td></td> </tr> </tbody> </table>	923	GAS	4,680		186	GAS	67,806	74,211.00	186	Flo -Gas	1,725														
923	GAS	4,680																								
186	GAS	67,806	74,211.00																							
186	Flo -Gas	1,725																								
25																										
26																										
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**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1997

For the current year, reconcile the gross operating revenues as reported on Page 46 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).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 46	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	31,687,188		31,687,188	31,687,188	-
2	Sales for Resale (483)	828,607		828,607	-	828,607
3	Total Natural Gas Service Revenues	32,515,795		32,515,795	31,687,188	828,607
4	Total Other Operating Revenues (485-495)	958,852		958,852	1,787,459	(828,607)
5	Total Gas Operating Revenues	33,474,647		33,474,647	33,474,647	-
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	Total Gross Operating Revenues	33,474,647		33,474,647	33,474,647	-

Notes:

SALES FOR RESALE of \$828,607 is shown as OTHER GAS REVENUES on RAF Return.

CORPORATE STRUCTURE

**Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 1997**

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

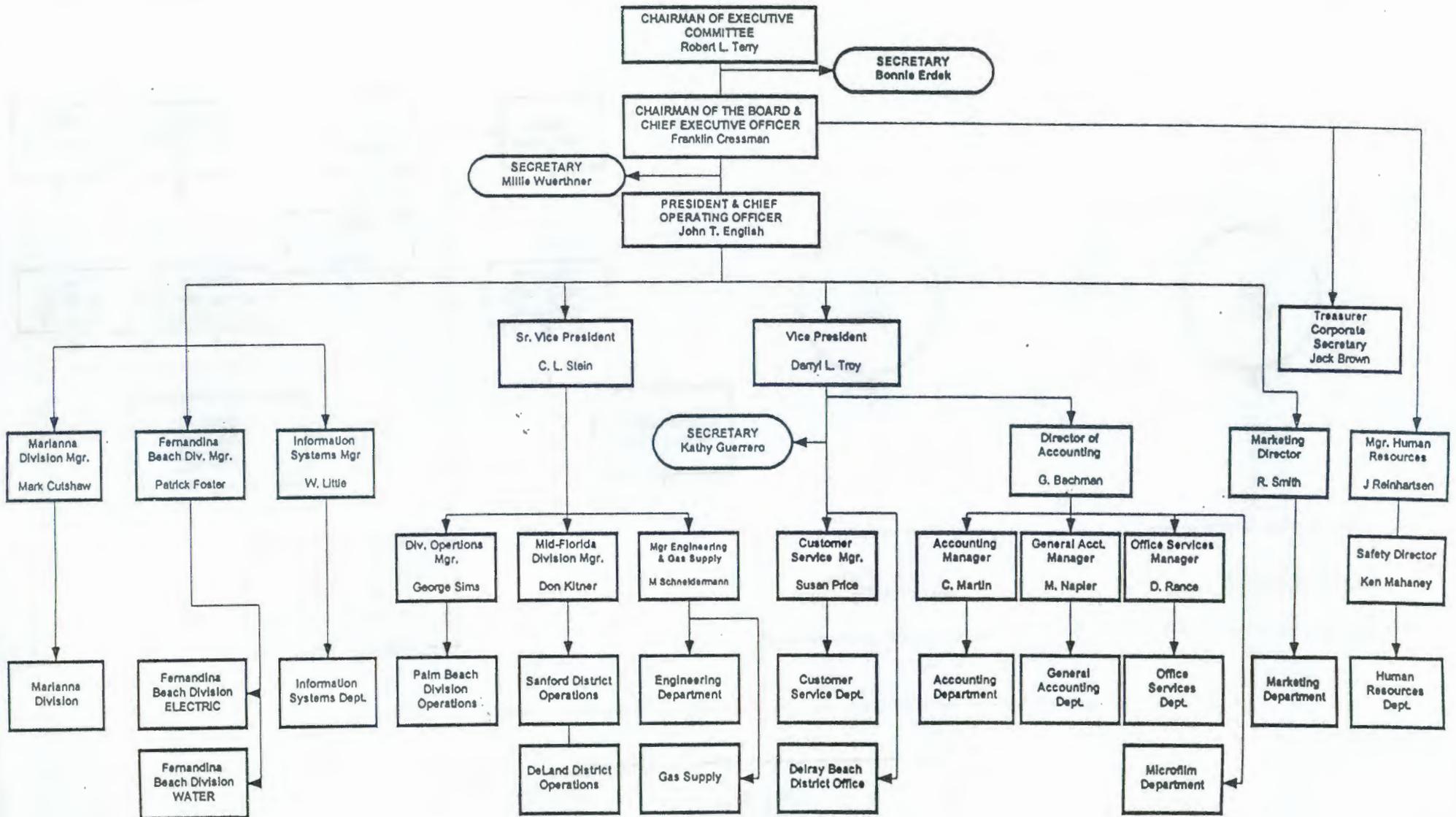
Effective
Date March 1998

We have enclosed copies of our updated Organizational Charts for Florida Public Utilities Company.

Flo-Gas Corporation does not have any employees.

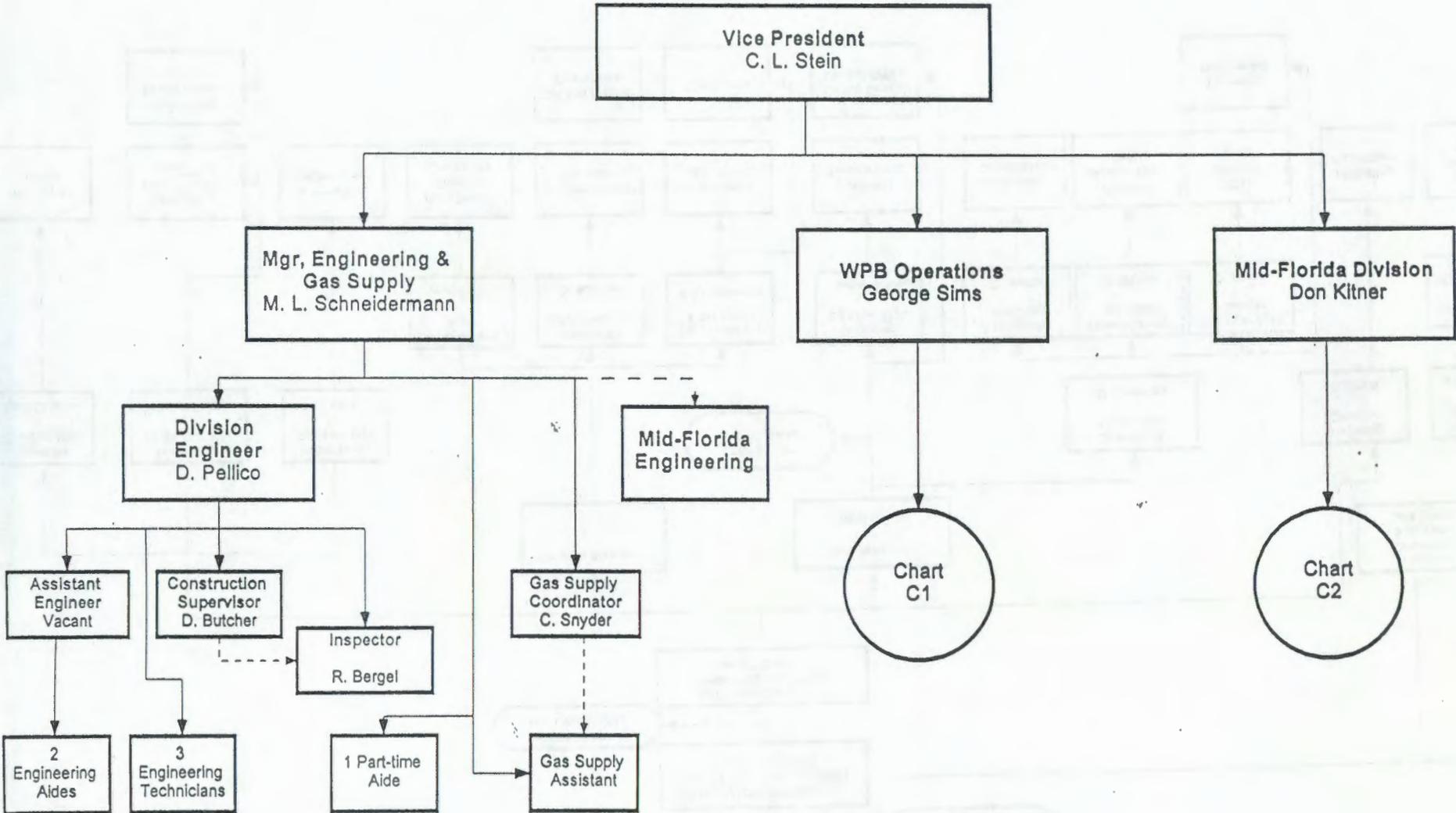
FLORIDA PUBLIC UTILITIES COMPANY

Organizational Chart Chart A



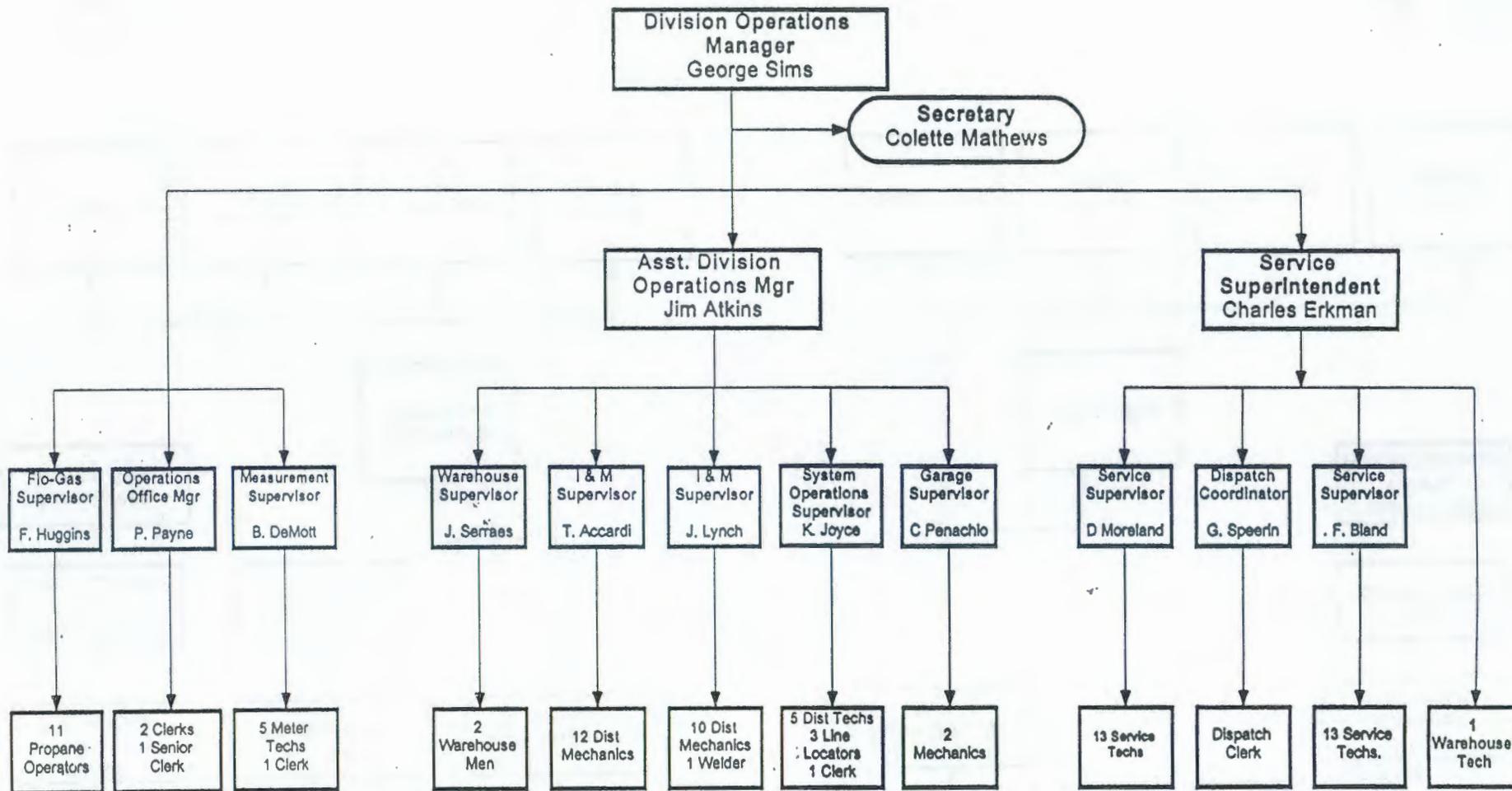
Revised 03/18/98

FLORIDA PUBLIC UTILITIES COMPANY
Gas Operations Organizational Chart
Chart B



Revised 03/18/98



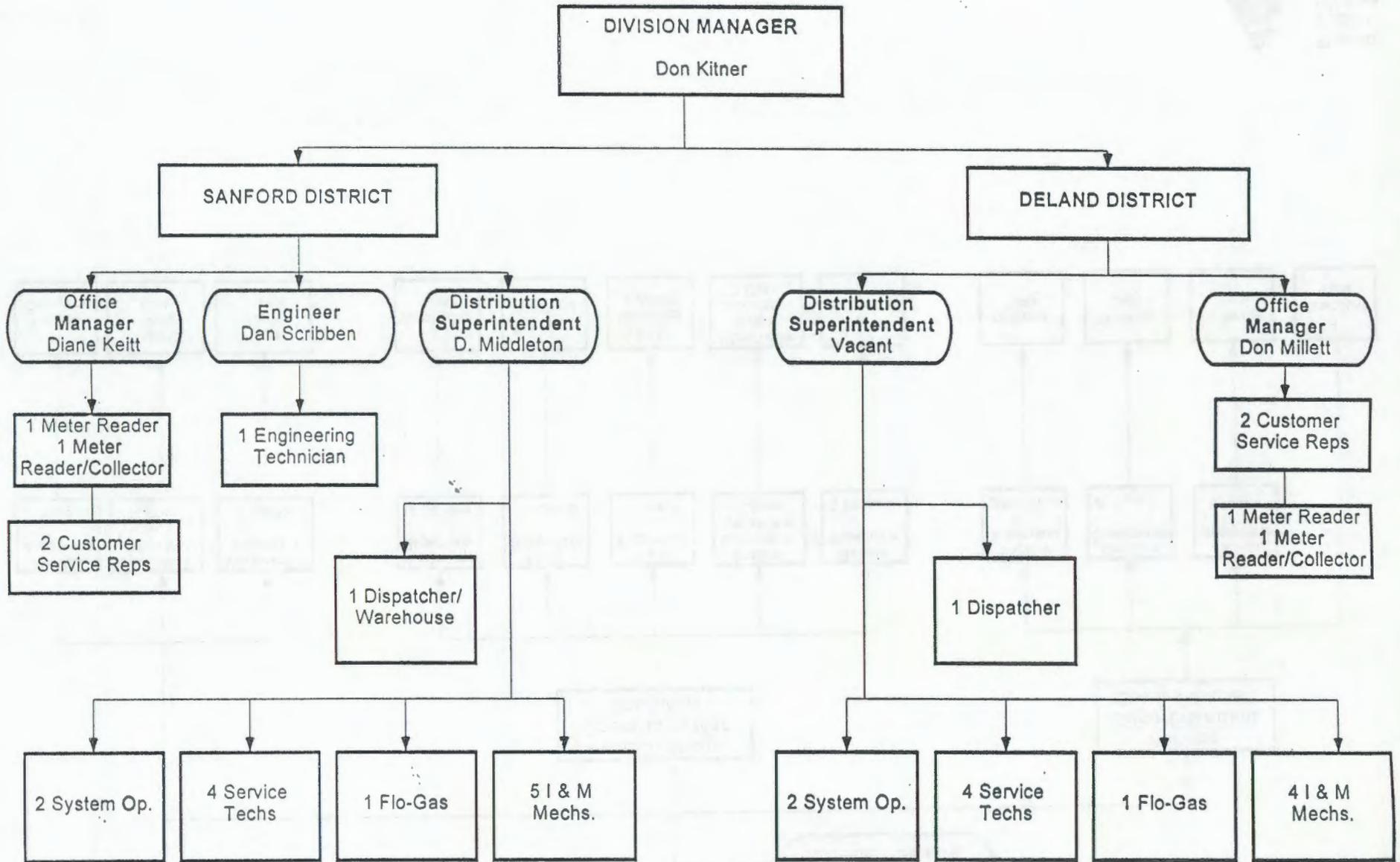


Revised 03/18/98

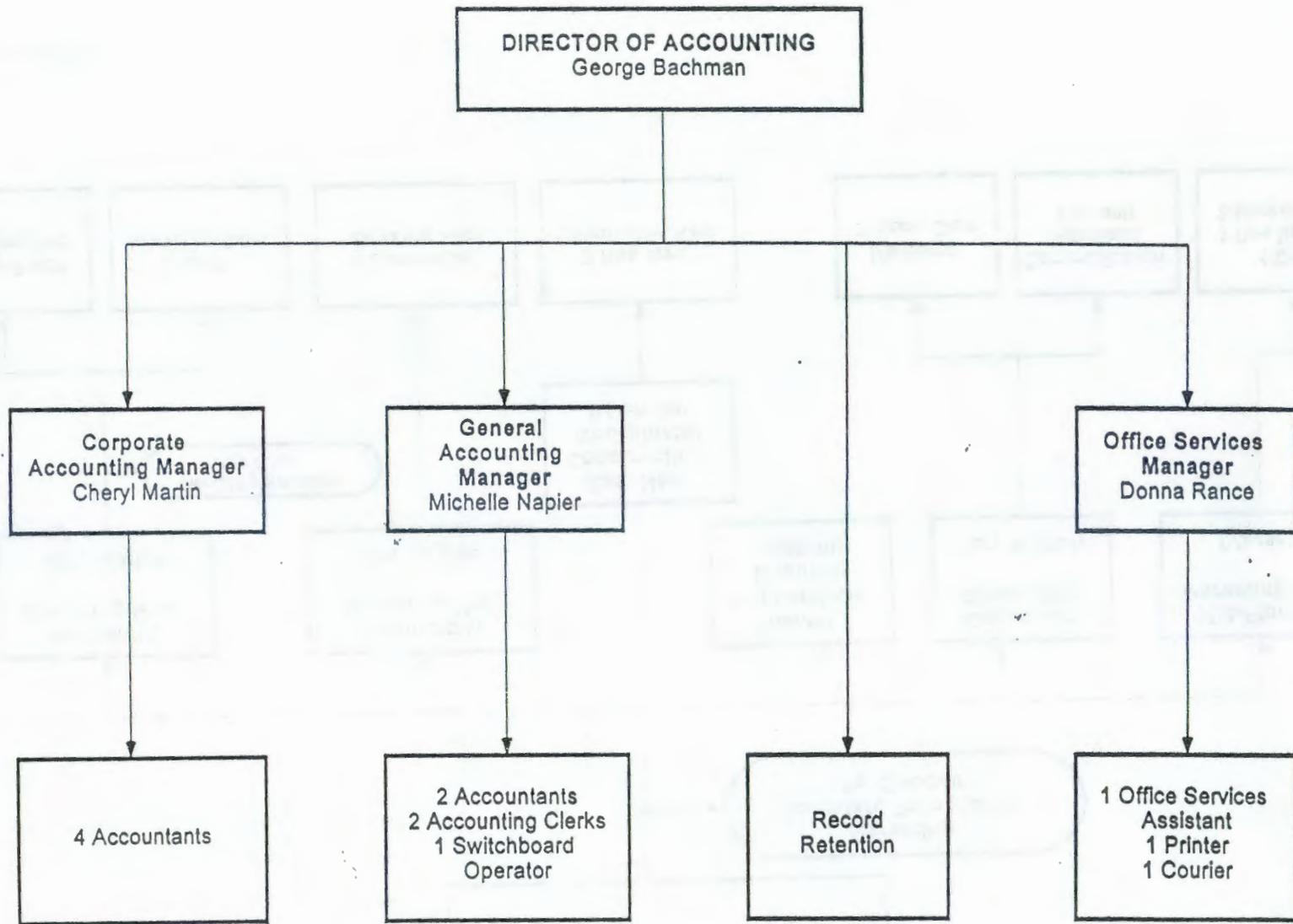
FLORIDA PUBLIC UTILITIES COMPANY

Mid-Florida Division Organizational Chart

Chart C2

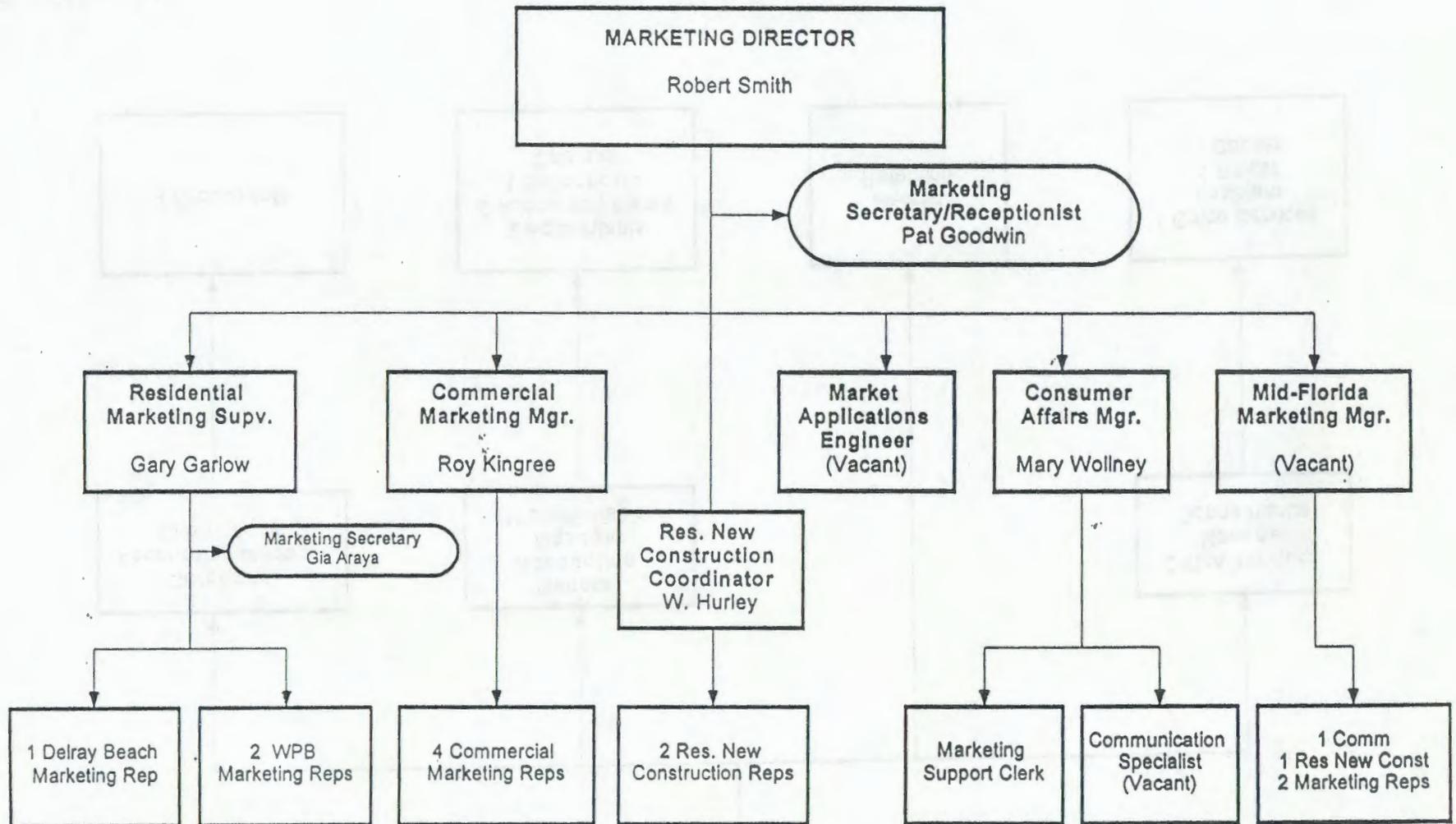


Revised 03/18/98



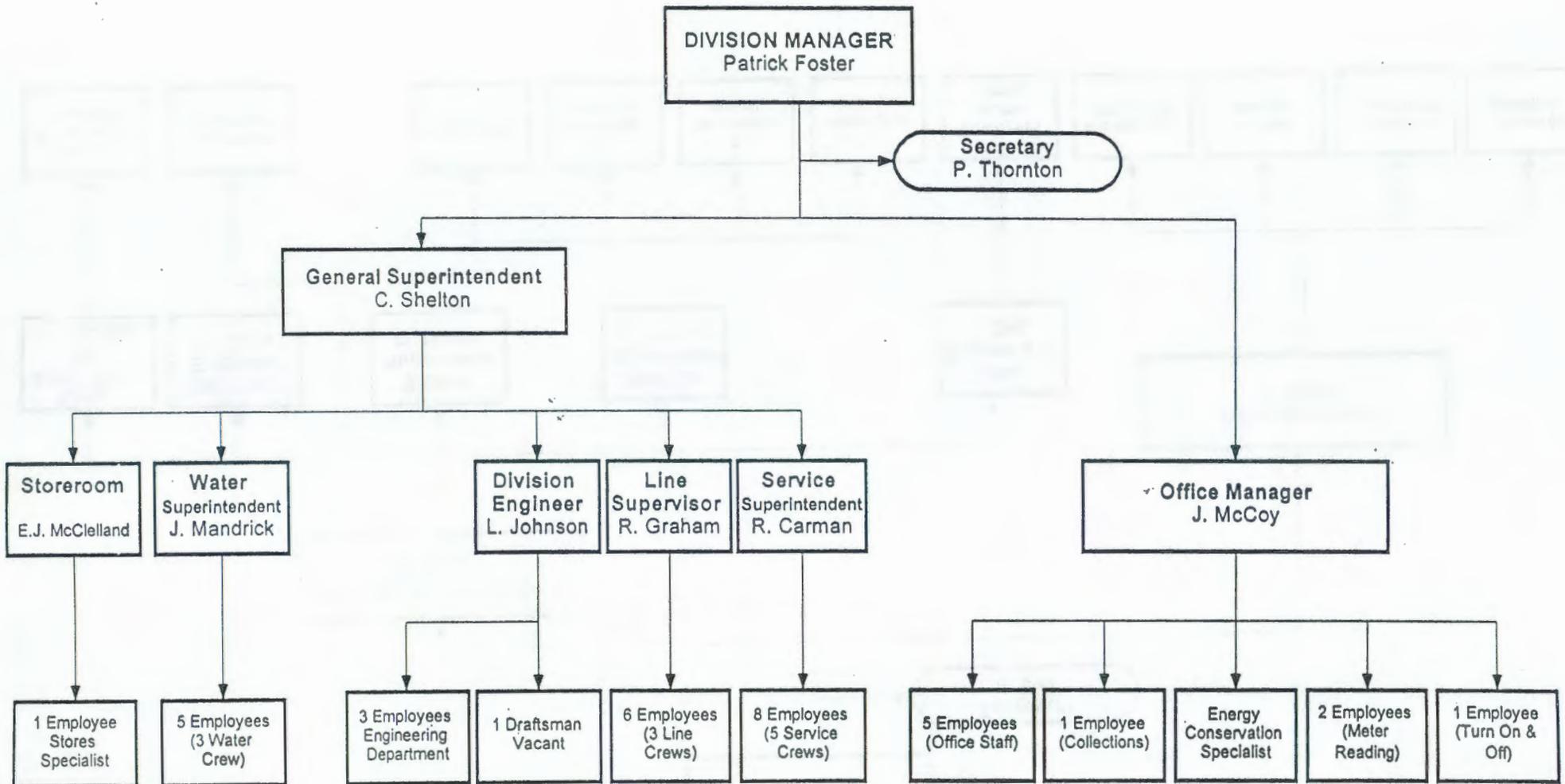
Revised 03/18/98

FLORIDA PUBLIC UTILITIES COMPANY
Marketing Department Organizational Chart
Chart E



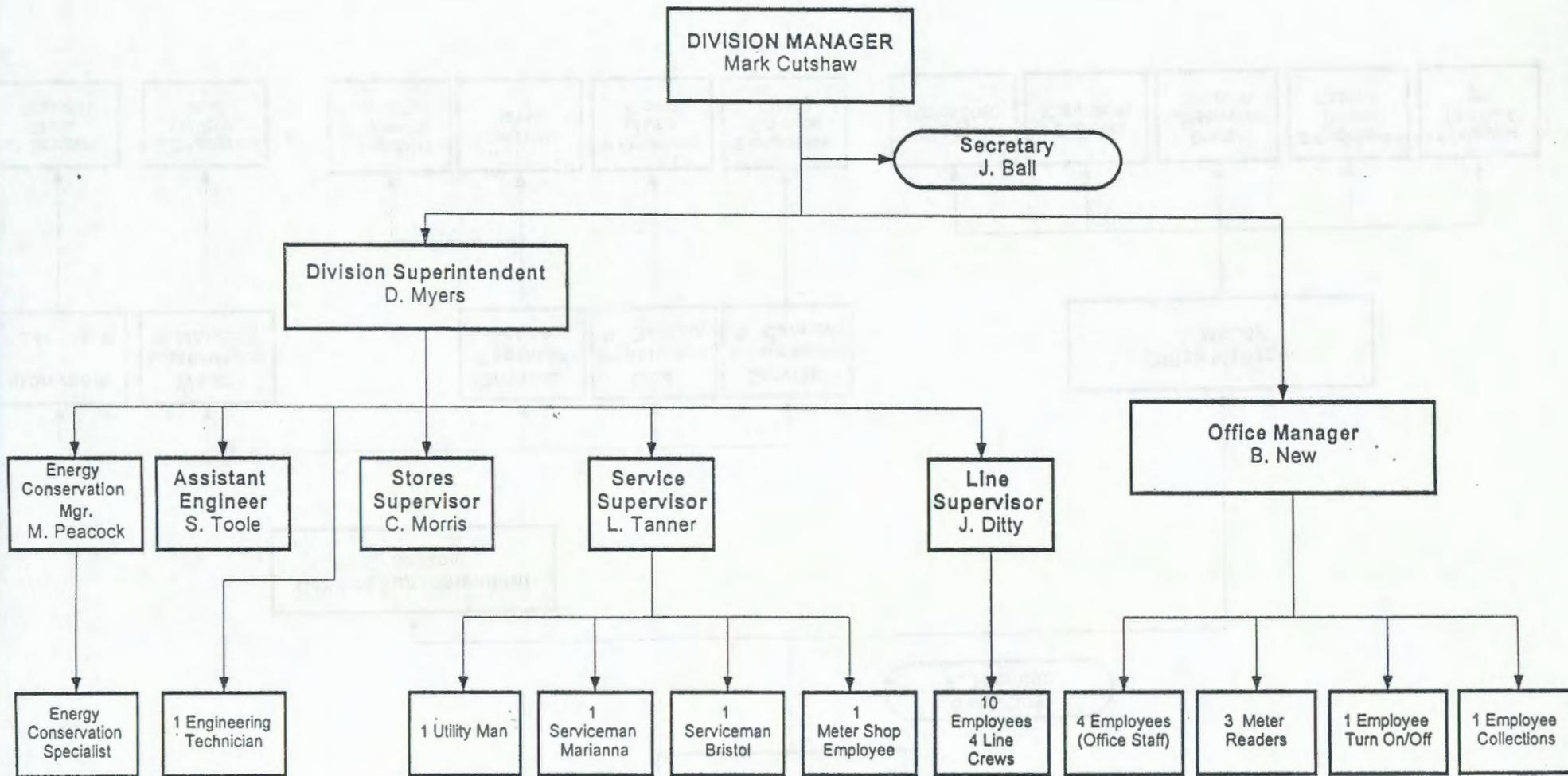
Revised 03/18/98

FLORIDA PUBLIC UTILITIES COMPANY
 Organizational Chart for Fernandina Beach Division
 Chart F



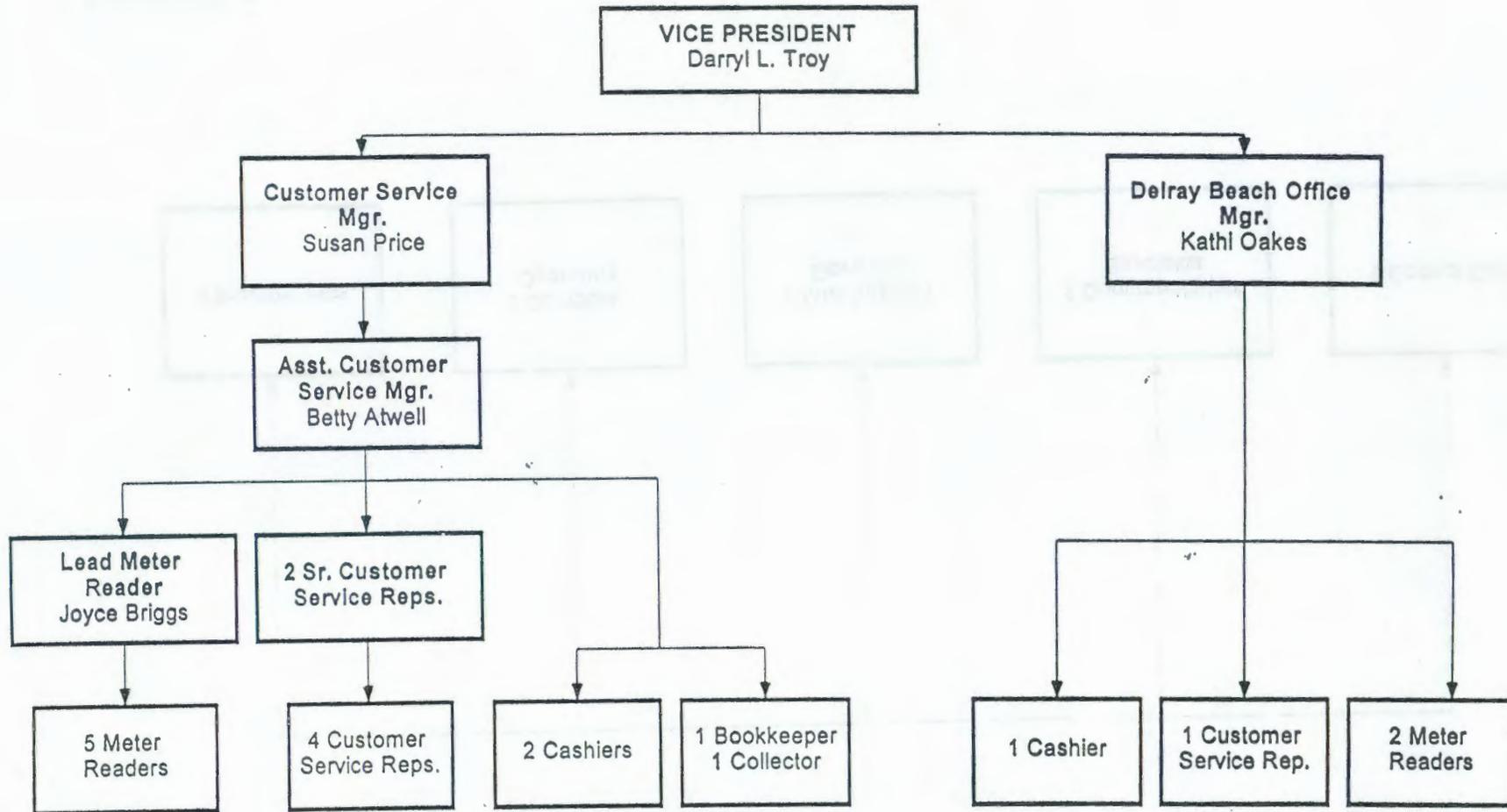
Revised 03/18/98

FLORIDA PUBLIC UTILITIES COMPANY
 Organizational Chart for Marianna Division
 Chart G



Revised 03/18/98

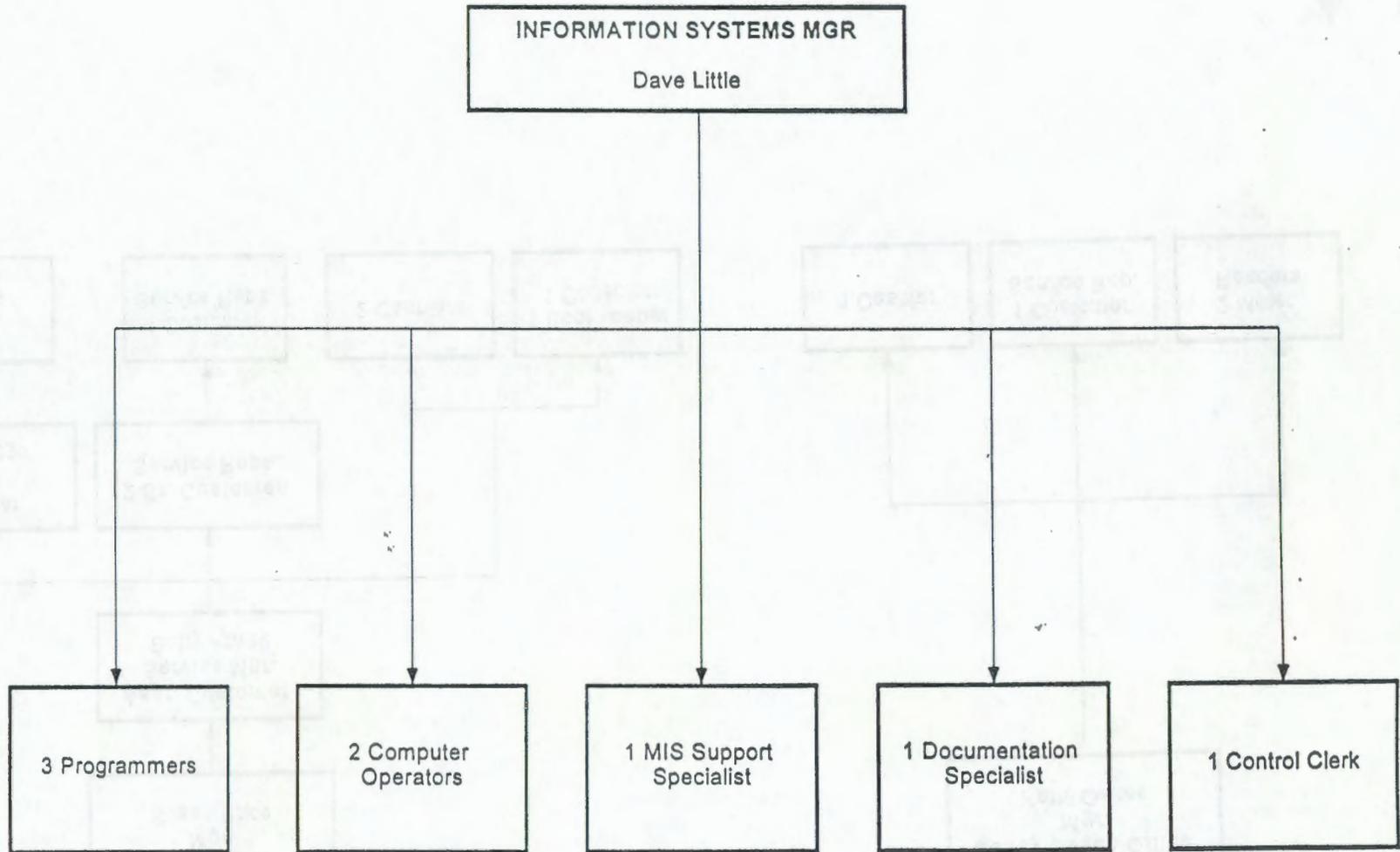
FLORIDA PUBLIC UTILITIES COMPANY
Customer Service Organizational Chart
Chart H



Revised 03/18/98



FLORIDA PUBLIC UTILITIES COMPANY
Management Information Systems (MIS) Organizational Chart
Chart I



Revised 03/18/98

NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1997

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 tarified 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

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

Company: **FLORIDA PUBLIC UTILITIES COMPANY**

For the Year Ended December 31, 1997

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 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)
<i>Flo-Gas Corporation</i>	<i>Accounts Payable general expenses. Non-recurring.</i>	4,851,562
<i>Flo-Gas Corporation</i>	<i>Payroll Payment by Florida Public Utilities Company for Flo-Gas Corporation. Recurring.</i>	1,413,919
<i>Flo-Gas Corporation</i>	<i>Cash Receipts - Recurring.</i>	(4,175,197)

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Company: **FLORIDA PUBLIC UTILITIES COMPANY**
 For the Year Ended December 31, 1997

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 a purchased by the Respondent: "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
<i>SEE ATTACHED SCHEDULES</i>					

(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 12/31/97

	Year-to-Date Actual	Last Year-to-Date Actual
Operating Revenue	4,065,182	4,400,718
Operation Expenses	3,410,472	3,589,060
Maintenance Expenses	257,180	260,305
Depreciation Expense	343,430	344,066
Amortization of Utility Plant- Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility Operation Expense	71,193	69,347
Income Tax - Federal - Utility Operating Income	(119,475)	96,275
Income Tax - State - Utility Operating Income	(50,710)	20,238
Deferred Income Tax - Utility Operating Income	92,764	(124,920)
Investment Tax Credit - Utility Operating Income	(8,248)	(8,547)
Operating Income	68,576	154,894
 Other Income and Deductions		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	-	-
Other Income Deductions	-	4,550
Taxes Other Than Income - Other	-	-
Income Taxes-Federal-Other Income	(62)	(1,400)
Income Taxes-State-Other Income	50	(300)
Other (Income) and Deductions	(12)	2,850
 Interest Charges		
Interest on Debt to Associated Companies	121,775	82,868
Other Interest Expense	19,506	16,614
Interest Charges	141,281	99,482
 Extraordinary Items		
Cumulative Effect - Change in Accounting Principles - Net	-	-
Net Income	(72,717)	58,262

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
AS OF DECEMBER 31, 1997

Assets and Other Debits	<u>Current</u>	<u>Last Year End</u>
Utility Plant		
Utility Plant in Service	7,291,792	7,155,966
Utility Plant Purchased/Sold		
Completed Construction Not Classified		
Construction Work in Progress		
Utility Plant	<u>7,291,792</u>	<u>7,155,966</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(2,367,049)	(2,170,736)
Accumulated Dep. - Transportation Equip.	(389,991)	(370,489)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment		
Accumulated Depreciation	<u>(2,757,040)</u>	<u>(2,541,225)</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	116,262	159,505
Other Property and Investments	<u>116,262</u>	<u>159,505</u>
Current and Accrued Assets		
Customer Accounts Receivable	352,966	421,655
Allowance for Uncollectible Accounts	(2,276)	(7,920)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	897,788	977,388
Prepayments - Taxes		
Interest and Dividends Receivable		
Accrued Utility Revenues	93,797	93,797
Current and Accrued Assets	<u>1,342,275</u>	<u>1,484,920</u>
Deferred Debits		
Misc. Deferred Debits - Other W.I.P.		-
Misc. Deferred Debits - Miscellaneous	2,335	2,892
Accum. Deferred Income Taxes	4,445	89,454
Deferred Debits	<u>6,780</u>	<u>92,346</u>
ASSETS AND OTHER DEBITS	<u>6,000,069</u>	<u>6,351,512</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
AS OF DECEMBER 31, 1997

Assets and Other Debits	Current	Last Year End
Utility Plant		
Utility Plant in Service	7,291,792	7,155,966
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Retirement Work in Progress		
Accumulated Dep. - Rental Equipment		
Accumulated Depreciation	<u>(2,757,040)</u>	<u>(2,541,225)</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	116,262	159,505
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Misc. Deferred Debits - Other W.I.P.		-
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Deferred Debits	<u>6,780</u>	<u>92,346</u>
ASSETS AND OTHER DEBITS	<u>6,000,069</u>	<u>6,351,512</u>

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1997

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:		\$	\$	\$	\$	\$	
Total			NONE			\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
Total						\$	

EMPLOYEE TRANSFERS

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 1997

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
NONE				

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**FLORIDA PUBLIC UTILITIES COMPANY
MARKETING PROGRAMS
1997 Annual Report**

PROGRAM	1997 HISTORICAL EXPENSES	1997 ESTIMATED REVENUES (1)	1998 PROJECTED EXPENSES (2)	1998 PROJECTED REVENUES (3)
Energy Savers Program (ESP)	\$ 21,100	\$ 59,344	\$ 41,000	\$ 148,700
Residential Energy Efficiency Program (REEP)	\$ 971	\$ 2,967	\$ 2,700	\$ 9,900
Residential Energy Audit Program (REAP)	(4)	(4)	(4)	(4)
Home Owners Maximized Energy Savings (HOMES)	\$ 4,499	\$ 11,868	\$ 5,500	\$ 19,800
Business Energy Efficiency Plan (BEEP) (5)	\$ 2,406	\$ 104,127	\$ 5,500	\$ 206,900
Appliance Conservation and Education (ACE) Program	(6)	(6)	\$ 29,500	\$ 15,000
Utility Service and Information Program (USIP)	\$ 5,519	Not Applicable (7)	\$ 11,400	Not Applicable (7)
Consumer Affairs Service (CAS)	\$ 3,163	Not Applicable (7)	\$ 5,300	Not Applicable (7)

Notes:

- (1) As stated during the 1995 rate case proceedings with the FPSC staff, funds for ESP, REEP, REAP, HOMES, BEEP, USIP and CAS are strictly for advertising campaigns. Collectively, each of the campaigns have an impact on revenue generation. The 1997 revenue calculations for each advertising campaign are based in proportion to the total advertising dollars (for campaigns approved in the rate case and previous on-going advertising and information programs) spent and are allocated accordingly to the net growth in customers.

- (2) The 1998 projected expenses for the various advertising programs have been calculated based on an allocated percentage of the total FPUC advertising budget.
- (3) FPUC has projected a net customer growth goal of 900 customers (residential: 729 and commercial: 171). The 1998 projected revenues have been calculated using the allocated percentages for the various advertising programs in conjunction with estimated revenues and growth for residential and commercial customers.
- (4) This program and the associated advertising campaign has been eliminated for lack of compliance to the criteria for energy audits as stated in Section 25-17.003 in the Rules of the Florida Public Service Commission. The funds assigned to this program have been transferred to REEP.
- (5) Expenses are expected to significantly increase for the BEEP campaign to develop specific media collateral for the obtaining of commercial accounts along existing mains.
- (6) In 1997, no customers applied for funds and no advertising dollars were spent under the ACE program.
- (7) These two programs are customer information and education programs which assist in customer retention. Indirectly, the information from these programs may affect customer growth and increase revenues.