

ORIGINAL

State of Florida



# Public Service Commission

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** July 18, 2000  
**TO:** Division of Safety & Electric Reliability (Bohrmann)  
**FROM:** Division of Regulatory Oversight (Vandiver)  
**RE:** Docket No. 000001-EI; Florida Public Utilities Company  
 Audit Report; Fuel - Year Ended December 31, 1999  
 Audit Control No. 00-021-4-2

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, they should send it to the Division of Records and Reporting. There are no confidential work papers associated with this audit.

DNV/sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)  
 Miami District Office (Welch)  
 Division of Records and Reporting  
 Division of Legal Services

John T. English  
 Florida Public Utilities Company  
 P. O. Box 3395  
 West Palm Beach, FL 33402-3395

Messer Law Firm  
 P. O. Box 1876  
 Tallahassee, FL 32302-1876

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- CAF \_\_\_\_\_
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FPSC-RECORDS/REPORTING



**FLORIDA PUBLIC SERVICE COMMISSION**

*DIVISION OF REGULATORY OVERSIGHT  
BUREAU OF AUDITING SERVICES*

*Miami District Office*

FLORIDA PUBLIC UTILITIES COMPANY

FUEL RECOVERY CLAUSE

YEAR ENDED DECEMBER 31, 1999

DOCKET NUMBER 000001-EI

AUDIT CONTROL NO. 00-021-4-2

Handwritten signature of Ray Grant in cursive script.

*Ray Grant, Regulatory Analyst*

Handwritten signature of Kathy L. Welch in cursive script.

*Kathy L. Welch, Audit Manager*

Handwritten signature of Iliana Piedra in cursive script.

*Iliana Piedra, Professional Accountant  
Specialist*

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**DIVISION OF REGULATORY OVERSIGHT  
AUDITOR'S REPORT**

**June 29, 2000**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED  
PARTIES**

We have applied the procedures described later in this report to the attached Fuel Recovery schedules for the period ended December 31, 1999 for Florida Public Utilities Company. This schedule was prepared as part of the petition for fuel recovery in Docket 000001-EI.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Scanned-** The documents or accounts were read quickly looking for obvious errors.

**Compiled-** The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Reviewed-** The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

**Examined-** The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied and account balances were tested to the extent further described.

**Confirmed-** Evidential matter supporting an account balance, transaction or other information was obtained directly from an independent third party.

**Verified-** The item was tested for accuracy, and substantiating documentation was examined.

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**Fuel Recovery Schedules:** Traced the filing to the general ledger. Reconciled revenues to the revenue and rate reports. Recalculated revenues to verify that the correct rate was used. Traced the beginning period true-up to the order.

Traced fuel costs to invoices and verified GSLD amounts to invoices of customers. Recalculated true-up and verified interest rates.

**AUDIT DISCLOSURE NO. 1**

**SUBJECT: BEGINNING TRUE-UP**

**STATEMENT OF FACT:** The company used a beginning true-up for Marianna of \$310,906 and \$404,297 for Fernandina. These were the actual true-ups per the December 1998 filing. Commission order PSC-98-1715-FOF-EI reports the over-recovery to be refunded for January 1999 to December 1999 to be \$60,107 for Marianna and \$126,712 for Fernandina.

**OPINION:** The company has used the balance from the last filing which should be correct unless some adjustments were made by the Commission.

**EXHIBITS**

**COMPANY PREPARED SCHEDULES ~~MARIANNA~~**

**COMPANY PREPARED SCHEDULES FERNANDINA**

FLORIDA PUBLIC UTILITIES COMPANY  
 CALCULATION OF PURCHASED POWER COSTS AND  
 CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 JANUARY 1999 - DECEMBER 1999  
 BASED ON TWELVE MONTH ACTUAL

Schedule M1

MARIANNA DIVISION

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Total
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	
Total System Sales - KWH	23,507,785	18,936,576	20,047,704	19,075,344	20,785,524	24,838,564	26,960,579	30,842,368	29,385,979	22,864,902	19,995,531	21,276,984	278,517,850
Total System Purchases - KWH	24,109,295	19,939,804	20,821,289	22,033,338	24,431,953	27,151,755	30,898,449	33,764,118	26,770,806	23,095,123	20,892,984	25,069,848	298,778,762
System Billing Demand - KW	64,320	50,754	43,132	47,361	52,772	57,690	62,983	67,559	52,010	43,426	47,483	55,353	644,843
Purchased Power Rates:													
Base Fuel Costs - \$/KWH	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050	0.02050
Demand and Non-Fuel:													
Demand Charge - \$/KW	6.57	6.57	6.57	6.57	6.57	6.57	6.57	6.57	6.57	6.57	6.57	6.57	6.57
Customer Charge - \$	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00
Transformation Charge	31,980	31,980	31,980	31,979	31,980	31,980	31,980	31,980	31,979	31,979	31,980	31,980	31,980
Purchased Power Costs:													
Base Fuel Costs	494,241	408,766	422,736	451,683	500,855	556,611	633,418	692,164	548,802	473,450	428,306	513,932	6,124,964
Subtotal Fuel Costs	494,241	408,766	422,736	451,683	500,855	556,611	633,418	692,164	548,802	473,450	428,306	513,932	6,124,964
Demand and Non-Fuel Costs:													
Demand Charge	422,582	333,453	283,377	311,162	346,712	379,023	413,798	443,862	341,706	285,309	311,963	363,669	4,236,616
Customer Charge	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Transformation Charge	31,980	31,980	31,980	31,979	31,980	31,980	31,980	31,980	31,979	31,979	31,980	31,980	383,757
Subtotal Demand & Non-Fuel Costs	455,112	365,983	315,907	343,691	379,242	411,553	446,328	476,392	374,235	317,838	344,493	396,199	4,626,973
Total System Purchased Power Costs	949,353	774,749	738,643	795,374	880,097	968,164	1,079,746	1,168,556	923,037	791,288	772,799	910,131	10,751,937
Sales Revenues													
Fuel Adjustment Revenues:													
Residential RS 0.04074	484,116	345,191	373,859	329,687	358,398	453,859	504,195	601,685	551,196	396,445	343,247	441,307	5,183,285
Commercial GS 0.04011	75,832	64,320	68,731	68,086	77,193	93,627	96,920	111,448	110,074	90,428	71,952	77,822	1,007,433
Commercial GSD 0.03581	243,515	214,625	230,312	217,860	237,210	287,103	287,961	318,824	324,649	281,295	224,673	230,431	3,058,458
Industrial GSLD 0.03459	91,418	89,038	84,205	89,671	108,738	124,433	132,876	141,568	129,624	113,558	110,738	52,830	1,278,791
Residential OL,OL-2 0.02728	5,328	5,342	5,346	5,441	5,468	5,719	5,185	5,535	5,555	5,574	5,590	5,703	65,786
Other SL-1,SL-2,SL-3 0.02693	2,594	2,621	2,594	2,596	2,594	2,594	2,592	2,589	2,588	2,587	2,586	2,589	31,123
Total Fuel Revenues	902,803	721,135	785,047	724,340	789,599	947,435	1,029,729	1,181,649	1,123,686	869,887	758,804	810,782	10,624,896
Non-Fuel Revenues	498,740	430,984	444,465	424,230	444,165	480,308	483,818	574,582	558,414	475,987	439,445	538,814	5,900,982
Total Sales Revenue	1,401,543	1,152,119	1,209,512	1,148,570	1,233,764	1,426,743	1,513,547	1,756,231	1,682,100	1,345,874	1,198,229	1,349,596	16,425,858
KWH Sales:													
Residential RS	11,882,482	8,472,355	9,175,973	8,091,857	8,796,496	11,142,077	12,375,060	14,768,838	13,528,848	9,730,321	8,425,306	10,832,283	127,221,696
Commercial GS	1,890,604	1,603,594	1,713,565	1,722,405	1,924,542	2,334,262	2,416,361	2,778,559	2,744,306	2,254,505	1,793,868	1,940,214	25,116,785
Commercial GSD	6,800,185	5,993,432	6,431,486	6,083,780	6,624,126	7,458,902	8,041,360	8,903,217	9,065,883	7,296,714	6,274,025	6,434,810	85,407,820
Industrial GSLD	2,642,916	2,574,048	2,434,368	2,881,488	3,143,576	3,597,362	3,841,468	4,092,736	3,747,430	3,282,858	3,201,384	1,764,506	37,204,240
Residential OL,OL-2	195,296	195,817	195,970	199,459	200,447	209,654	190,083	202,896	203,620	204,336	204,916	209,051	2,411,545
Other SL-1,SL-2,SL-3	96,312	97,330	96,342	96,355	96,337	96,307	96,247	96,122	96,092	96,068	96,032	96,120	1,155,664
Total KWH Sales	23,507,785	18,936,576	20,047,704	19,075,344	20,785,524	24,838,564	26,960,579	30,842,368	29,385,979	22,864,902	19,995,531	21,276,984	278,517,850
True-up Calculation:													Period to Date
Fuel Revenues	902,803	721,135	785,047	724,340	789,599	947,435	1,029,729	1,181,649	1,123,686	869,887	758,804	810,782	10,624,896
True-up Provision	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,907)	(310,906)
Gross Receipts Tax Refund	0	0	0	0	0	0	0	0	0	0	0	0	0
Fuel Revenue	928,712	747,044	790,956	750,249	815,508	973,344	1,055,638	1,207,558	1,149,595	895,796	784,713	836,689	10,935,802
Total Purchased Power Costs	949,353	774,749	738,643	795,374	880,097	968,164	1,079,746	1,168,556	923,037	791,288	772,799	910,131	10,751,937
True-up Provision for the Period	(20,641)	(27,705)	52,313	(45,125)	(64,589)	5,180	(24,108)	39,002	226,558	104,508	11,914	(73,442)	183,865
Interest Provision for the Period	1,164	961	916	825	502	287	146	70	545	1,163	1,342	1,122	9,043
True-up and Interest Provision													
Beginning of Period	310,906	265,520	212,867	240,187	169,978	79,982	59,540	9,669	22,832	224,026	303,788	291,135	310,906
True-up Collected or (Refunded)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,909)	(25,907)	(310,906)
End of Period, Net True-up	265,520	212,867	240,187	169,978	79,982	59,540	9,669	22,832	224,026	303,788	291,135	192,908	192,908
10% Rule													1.79%
Interest Provision:													
Beginning True-up Amount	310,906	265,520	212,867	240,187	169,978	79,982	59,540	9,669	22,832	224,026	303,788	291,135	
Ending True-up Amount Before Interest	264,356	211,906	239,271	169,153	79,480	59,253	9,523	22,762	223,481	302,625	289,793	191,786	
Total Beginning and Ending True-up	575,262	477,426	452,138	409,340	249,458	139,235	69,063	32,431	246,313	526,651	593,581	482,921	
Average True-up Amount	287,631	238,713	226,069	204,670	124,729	69,618	34,532	16,216	123,157	263,326	296,791	241,461	
Average Annual Interest Rate	4.8550%	4.8300%	4.8650%	4.8400%	4.8250%	4.8500%	5.0750%	5.2100%	5.3100%	5.3000%	5.4250%	5.5750%	
Monthly Average Interest Rate	0.4046%	0.4025%	0.4054%	0.4033%	0.4021%	0.4125%	0.4229%	0.4342%	0.4425%	0.4417%	0.4521%	0.4646%	
Interest Provision	1,164	961	916	825	502	287	146	70	545	1,163	1,342	1,122	