State of Florida

Huhlic Serbice Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA 32399-0850

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

DATE:	June 28, 2006
TO:	Catherine Beard, Regulatory Analyst I, Division of Competitive Markets and Enforcement
FROM:	Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance
RE:	Docket No: 060003-GU; Company Name: Florida Public Utilities Audit Purpose: Audit Purchased Gas Filings Audit Control No: 06-076-4-2

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, it should send the response to the Division of Commission Clerk and Administrative Services. There are confidential work papers associated with this audit.

DNV:sbj Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder) Division of Commission Clerk & Administrative Services (2) Division of Competitive Markets and Enforcement (Harvey) General Counsel Office of Public Counsel

> Ms. Cheryl Martin Florida Public Utilities Company P.O. Box 3395 West Palm Bch, FL 33402-3395

Messer Law Firm Norman H. Horton, Jr. P.O. Box 1876 Tallahassee, FL 32302-1876

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FPSC-COMMISSION CLEPK



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE

Miami District Office

FLORIDA PUBLIC UTILTIES PURCHASED GAS ADJUSTMENT

LIMITED SCOPE REPORT

Twelve Months Ended December 31, 2005

Docket No. 060003-GU

Audit Control No. 06-076-4-2

Ruth K. Young Audit Manager

Kathy L. Welch Public Utilities Supervisor

I. WORK PERFORMED

We performed the following work and found no differences to report.

REVENUES: We verified that the revenues contained in the Company's General Ledger are reflected on Schedule A-2.

We tested a sample of customer bills to verify that the appropriate PGA factor was charged and the mid-course correction was implemented.

EXPENSES: We verified that the expenses contained in the Company's General Ledger are reflected on Schedule A-2.

TRUE-UP: We recomputed the true-up for the period. We verified that the beginning true-up amount and interest rates as stated by the Company on the January A-2 filing agreed to the ending balance of the prior period, and that interest rates used were approved by the Florida Public Service Commission. The monthly true-up amounts, as recorded on Schedule A-2, were reconciled to the General Ledger.

We recomputed the final true up filing, Schedule A7. The amounts on A-7 were agreed to the December cumulative A-2 and to appropriate Commission orders.

II. EXHIBITS

Company Schedule A-7 for 2005 Company Schedule A-2 for December 2005

	COMPANY: FINAL FUEL OVER/UNDER RECOVERY FLORIDA PUBLIC				
1.	TOTAL ACTUAL FUEL COST FOR THE PERIOD	A-2, LINE 3	40,896,276		
2.	FUEL REVENUES APPLICABLE TO THE PERIOD	A-2, LINE 6	37,180,401		
3.	OVER/(UNDER) RECOVERY FOR THE PERIOD	LINE 2 - LINE 1	(3,715,875)		
4.	INTEREST PROVISION FOR THE PERIOD	A-2, LINE 8	27,583		
5.	TOTAL OVER/(UNDER) RECOVERY FOR THE PERIOD	LINE 3 + LINE 4	(3,688,292)		
6.	LESS: ESTIMATED OVER/(UNDER) RECOVERY FOR THE PERIOD JANUARY 2005 THROUGH DECEMBER 2005, WHICH WAS INCLUDED IN THE CURRENT JANUARY 2006 THROUGH DECEMBER 2006 PERIOD:	E-4, LINE 4, COL. 4	(2,208,051)		
7.	FINAL FUEL OVER/(UNDER) RECOVERY TO BE INCLUDED IN THE PROJECTED JANUARY 2006 THROUGH DECEMBER 2006 PERIOD	LINE 5 - LINE 6	(1,480,241)		

Leviji.

Exhibit_____ Docket No. 060003-GU Florida Public Utilities Company (CM-1) COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE A-2

2 TRANSPORTATION COST A-1 Line 10 Sch. A-1 Line 1, 2, 3 5, 6 486,838 516,371 29,533 5.72 4,292,667 4,037,517 (255,150) (6.32 3 TOTAL 6,178,679 5,016,341 (1,162,338) (23,17) 40,896,276 37,675,708 (3,220,568) (8.55 4 FUEL REVENUES (NET OF REVENUE TAX) 4,861,173 8,893,229 4,032,056 45.34 36,844,664 41,510,827 4,666,163 11.2 5 TRUE-UP - (COLLECTED) OR REFUNDED * 27,978 0.00 335,737 335,737 0.00 6 FUEL REVENUE APPLICABLE TO PERIOD Add Lines 4 + 5 4,889,151 8,921,207 4,032,056 45.20 37,180,401 41,846,564 4,666,163 11.1 7 TRUE-UP - OVER(UNDER) - THIS PERIOD Line 6 - Line 3 (1,289,527) 3,904,866 5,194,393 133.02 (3,715,874) 4,170,856 7,886,730 189.09 8 INTEREST PROVISION -THIS PERIOD Line 21 (7,975) 56,371 64,346 114.15 27,583 462,153 434,570 94.00 9 INTEREST (1,590,416) <t< th=""><th></th><th></th><th></th><th>FOR</th><th>THE PERIOD</th><th>OF: JANUAR</th><th>Y 2005 THR</th><th>OUGH DECEME</th><th>3ER 2005</th><th></th><th></th></t<>				FOR	THE PERIOD	OF: JANUAR	Y 2005 THR	OUGH DECEME	3ER 2005		
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TRUE-UP CALCULATION Sch. A-1 Line 4, Estimate include Sch. A-1 Line 10 Sch. A-1 Line 4, Estimate include Sch. A-1 Line 1, 2, 3 Sch. A-1 Line 4, Estimate include Sch. A-1 Line 1, 2, 3 Sch. A-1 Line 4, Estimate include Sch. A-1 Line 1, 2, 3 Sch. A-1 Line 4, Estimate include Sch. A-1 Line 1, 2, 3 Sch. A-1 Line 4, A-1 Line 1, 2, 3 Sch. A-1 Line 4, 4-1 Line 4, A-1 Line 1, 2, 3 Sch. A-1 Line 4, 4-1 Line 4, A-1 Line 1, 2, 3 Sch. A-1 Line 4, 4-1 Line 4, 4	(ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENC	E
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4 FUEL REVENUES (NET OF REVENUE TAX) 4,051,073 6,073,073 6,003 6,073,073 6,003 6,073,073 6,000 3,05,737 3,35,737 0,00 0,00 6,053 111,27 6,066,163 111,11 <	2			486,838	516,371	29,533	5.72	4,292,667	4,037,517	(255,150)	(6.32)
12 BEGINNING TRUE-UP AND INTEREST Line 9 (1,590,416) 13,959,407 15,549,823 111.39 13 ENDING TRUE-UP BEFORE INTEREST Add Lines 12 + 7 + 5 (2,907,921) 17,836,295 20,744,216 116.30 14 TOTAL (12+13) Add Lines 12 + 13 (4,498,337) 31,795,702 36,294,039 114.15 15 AVERAGE 50% of Line 14 (2,249,169) 15,897,851 18,147,020 114.15 16 INTEREST RATE - FIRST DAY OF MONTH 4.21% 4.21% 0 0.00 17 SUBSEQUENT MONTH Add Lines 16 + 17 8.51% 0 0.00 18 TOTAL Add Lines 16 + 17 8.51% 0 0.00 18 TOTAL Add Lines 16 + 17 8.51% 0 0.00 19 AVERAGE 50% of Line 18 4.26% 4.26% 0 0.00 20 MONTHLY AVERAGE Line 19 / 12 mos. 0.35458% 0.35458% 0 0.00	4 5 6 7 8 9 10 10a	FUEL REVENUES (NET OF REVENUE TAX) TRUE-UP - (COLLECTED) OR REFUNDED • FUEL REVENUE APPLICABLE TO PERIOD TRUE-UP - OVER(UNDER) - THIS PERIOD INTEREST PROVISION -THIS PERIOD BEGINNING OF PERIOD TRUE-UP AND INTEREST TRUE-UP COLLECTED OR (REFUNDED) FLEX RATE REFUND (if applicable)	Line 6 - Line 3 Line 21 Reverse of Line 5 Add Lines 7 + 8 + 9 +	4,861,173 27,978 4,889,151 (1,289,527) (7,975) (1,590,416) (27,978)	8,893,229 27,978 8,921,207 3,904,866 56,371 13,959,407 (27,978)	4,032,056 4,032,056 5,194,393 64,346 15,549,823	45.34 0.00 45.20 133.02 114.15 - 111.39 0.00 0.00	36,844,664 335,737 37,180,401 (3,715,874) 27,583 1,108,132 (335,737)	41,510,827 335,737 41,846,564 4,170,856 462,153 13,595,394 (335,737)	4,666,163 4,666,163 7,886,730 434,570 12,487,262	(8.55) 11.24 0.00 11.15 189.09 94.03 91.85 0.00 0.00 116.30
12 BEGINNING TRUE-UP AND INTEREST Line 9 (1,590,416) 13,959,407 15,549,823 111.39 13 ENDING TRUE-UP BEFORE INTEREST Add Lines 12 + 7 + 5 (2,907,921) 17,836,295 20,744,216 116.30 14 TOTAL (12+13) Add Lines 12 + 13 (4,498,337) 31,795,702 36,294,039 114.15 15 AVERAGE 50% of Line 14 (2,249,169) 15,897,851 18,147,020 114.15 16 INTEREST RATE - FIRST DAY OF MONTH 4.21% 4.21% 0 0.00 17 SUBSEQUENT MONTH Add Lines 16 + 17 8.51% 0 0.00 18 TOTAL Add Lines 16 + 17 8.51% 0 0.00 18 TOTAL Add Lines 16 + 17 8.51% 0 0.00 19 AVERAGE 50% of Line 18 4.26% 4.26% 0 0.00 20 MONTHLY AVERAGE Line 19 / 12 mos. 0.35458% 0.35458% 0 0.00		INTEREST PROVISION						· ·	* 	l	
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20 MONTHLY AVERAGE Line 19 / 12 mos. 0.35458% 0 0.00						0					
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Beginning of period True-up & Interest (Line 9) comes from the most recently filed E-4 if we do not flex down. If we flex down, the beginning of the period True-up & Interest (Line 9) comes from the prior periods end of period net true-up.

The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.