

# Florida Public Utilities Company

## STORM AND HURRICANE ACCOUNTING AND CODING PROCEDURES

Revised and Issued September 18, 2017

### **Objective:**

To provide guidelines and procedures to properly account/code for storm and hurricane related expenses for Florida Public Utilities Company's Natural Gas or Electric business units. Named Storm related charges should be charged to reserve as well as any storm that has costs expected to exceed \$ 5,000 in total restoration costs. Because we have already received rate relief for normal operations through our rate cases, only expenses above and beyond our normal operations should be charged to the project numbers created for the named storm. Beyond normal operations includes, but are not limited to, items bought specifically for a named storm, overtime, lodging and meals, hiring temporary help and/or subcontractors.

### **Annual Preparation:**

- A. Any general expenses incurred to set up plans for unspecified future storms should not be charged to the storm reserve, and expensed as normal.
- B. Labor for general training and plan readiness should be charged to normal payroll project codes in Ultipro and expense accounts.

### **Pre-Storm:**

- A. When a business unit activates their hurricane plan, or needs to track expenses related to another type of storm, Accounting will be notified by the Florida Financial Planning and Business Analyst group so that project numbers can be assigned. If the same storm causes several business units to activate plans, each Business Unit (BU) through the Florida Financial Planning and Business Analyst (FPBA) group needs to notify Accounting so they can establish unique numbers for each business unit. The Florida Financial Planning and Business Analyst group will request account numbers and distribute before storm as appropriate. Accounting will create project numbers for expenses (F\_00-00000-1070-1430) and create an IRR project number for capital items (F\_00-00000-1070-1070) and retirement IRR number (F\_00-00000-1080-1080) so that costs are captured directly in 1070 and 1080 initially and eliminate reclassification after the storm (see Capital section below). The storm GL accounts and project numbers will be distributed to the various departments by the Florida Financial Planning and Business Analyst group (see page 5). (F\_ = FN or FE)
  - 1. FPBA-Update BOA-PCard chart of accounts with the storm project numbers created.
  - 2. Dover-Update applicable financial systems with the storm project numbers (Purchase Requisition, Doc-Link, Epicor, E4SE, and ExpensAble)
- B. If preparation expenses (including payroll) are **beyond normal** for a specific named storm or storm that exceeds the threshold as specified on page 4, they should be charged to FN00-00000-1070-1430 or FE00-00000-1070-1430 as appropriate, with the project number created for expenses. Otherwise, these expenses should be charged to regular business unit expense accounts. This includes payroll and materials incurred for hurricane preparation and execution such as:

- Overtime related directly to hurricane preparation (installing hurricane shutters, securing property, etc.) or restoration efforts post-storm
- Payroll for anyone assisting with hurricane preparation or restoration efforts outside of their normal Business Unit can charge the BU of the storm for their normal and overtime payroll. For example, a natural gas employee, working in electric, can charge the electric storm accounts for their normal and overtime payroll for working on that storm. Also, a propane employee assisting natural gas, can charge their normal and overtime payroll to the natural gas storm accounts.
- Costs of hurricane supplies and food
- Costs of securing hotel rooms
- Costs incurred for activating caterers or encampment services
- Contractors to assist with restoration

### Post-Storm:

#### A. Expenses:

All expenses **beyond normal** operating expenses incurred before, during and after the named storm should be charged to FN00-00000-1070-1430 or FE00-00000-1070-1430 as appropriate, with the storm project number. This includes repairing damage caused by the storm and reestablishing services after a storm caused outages.

1. ExpensAble -When creating the expense report, the window will look like the below, please populate:
  - a. Charge To Dept – Select or manually key in 00000
  - b. Bill To – Select Business Unit and Expense (FN00/1430 or FE00/1430) or Capital (FN00/1070 or FE00/1070)
  - c. Reference Code - Manually key appropriate storm reference number in the reference code field (disregard the search magnifying glass)

The screenshot shows the 'Step 1: Create Your Expense Report' interface in ExpensAble. The form is titled 'Step 1: Create Your Expense Report' and has a 'SAVE' button in the top right corner. The form contains several input fields and a checkbox:

- Expense Report Name:** An empty text input field.
- Charge To Dept:** A dropdown menu with 'GV900 - Roberts, Stephanie' selected.
- Report Reason:** A large empty text area.
- Bill To:** A search input field with a magnifying glass icon.
- Reference Code:** A search input field with a magnifying glass icon.
- Authorization Number:** An empty text input field.
- Reimbursement Method:** A dropdown menu with 'CUC' selected.
- Checkbox:** A checked checkbox labeled 'Based on earliest and latest expense dates'.

At the bottom of the form, there are three buttons: 'CANCEL', 'NEXT', and 'SAVE'.

- d. Expense Type – Select Storm-1070
  - Description Field – input description/type of expense incurred like lodging, supplies, food, mileage, etc. during storm restoration
  - **DO NOT** use the normal Expense Type (Meals-6220, Lodging-6210, etc.) for storm related expenses.
- 2. Payroll beyond normal, including overtime, non-regulated employees working on regulated storm work, employees not in the storm affected utility and hiring temporary help or contractors, due to the named storm, should be charged to the storm project number. Payroll for time off due to the storm during normal work hours should be charged to your department’s normal account in Ultipro (See Payroll/Ultipro Guidelines below for payroll).
- 3. PCard and Doc-Link purchases – Code Expenses to the FN00-00000-1070-1430/FE00-00000-1070-1430 or Capital FN00-00000-1070-1070/FE00-00000-1070-1070 as appropriate, with the storm project number.

**B. Lost Revenue/Expense Recovery:**

All Lost Revenue or normal expenses during storm and storm restoration, not recovered in base rates due to outages or reduction in revenues due to the storm, can be charged to the storm reserve. Regulatory will work with the Florida Financial Planning and Business Analyst group and the Business Units to determine the appropriate amount for the journal entry.

**C. Capital:**

**Natural Gas & Electric:**

Capital items cannot be charged to storm reserve under normal circumstances. Therefore, all capital items incurred due to a named storm must be charged directly to capital (F\_00-00000-1070-1070) using the IRR number created and plant reserve (F\_00-00000-1080-1080) for retirements and cost of removal. Extraordinary costs in excess of normal cost of removal and purchasing costs may be able to be recovered in the storm reserve. Overtime worked on capital items, as well as costs in excess of expected cost of removal are examples of extraordinary costs. (F\_ = FN or FE)

**Payroll (Ultipro) Guidelines:**

**A. Employees working outside of their normal Business Unit:**

1. Relates to employees of one regulated or non-regulated business unit assisting the affected regulated business unit. For example, a natural gas employee assisting with electric storm duties or restoration; propane employee assisting with electric or natural gas storm duties; electric employee helping with natural gas storm.
2. All time, regular and overtime, should be charged to the normal earnings code (FREG, MREG, FOT, MOT, FDBL) with the storm project numbers. This relates to salaried and hourly employees.

**B. Salaried Exempt Employees (No Overtime) and Do Not Time Track:**

1. **Do not** charge the storm project numbers. Charge your time as normal, Earnings Code-WTHER; project number-40000000, if you were home waiting for the storm to hit during normal business hours.
2. After the storm and you return to work (during normal business hours), code time as normal, Earnings Code-FREG or MREG; project number-40000000
3. If you work the weekend on restoration after the storm, code nothing in Ultipro, because you are salaried.

C. **Hourly and Time Track Employees:**

1. While waiting at home for the storm during normal business hours, **Do not** charge the storm project numbers. Charge Earnings Code-WTHER; project number-40000000.
2. After the storm working on restoration, regular time (first 8 hours) should be coded as usual to Earnings Code-FREG or MREG; project number-based on type of work you are performing (replacing poles, maintenance of mains, etc.)
3. Overtime or Double Overtime worked before (if related to storm), during and after the storm should be charged to Earnings Code-FOT, MOT or FDBL (whichever is appropriate); project number-storm (capital, retirement or expense)

**Accounting Treatment:**

A. **Journal Entries:**

The Florida Financial Planning and Business Analyst group will review costs with the Business Unit and Regulatory group before Accounting completes journal entry to transfer appropriate charges to Storm Reserve.

B. **Expenses:**

Accounting will transfer the appropriate storm related O&M expenses and expenses not recovered in base rates due to outages or lost revenue to the storm reserve account. In the case of an unnamed storm, costs expected to be less than the threshold specified below, must be expensed.

C. **Capital:**

As noted above, all capital costs incurred due to a named storm must be charged directly to capital (F\_00-00000-1070-1070) using the IRR number created and plant reserve (F\_00-00000-1080-1080) for retirements and cost of removal. Only extraordinary costs can be charged to the storm reserve. (F\_ = FN or FE)

**D. Storm Reserve Criteria:**

1. Costs associated with a “Named” storm are to be charged to the account as indicated below, regardless of threshold.
2. Unnamed storm costs (excluding capital), expected to be greater than the threshold, are to be charged to the accounts indicated below. Costs expected to be less than the threshold are to be expensed.

<b><u>Division</u></b>	<b><u>Account No.</u></b>	<b><u>Threshold</u></b>
<b>Electric Florida</b>	<b>FE00-00000-2805-2281</b>	<b>\$ 5,000</b>
<b>Natural Gas FPUC Florida</b>	<b>FN00-00000-2805-2281</b>	<b>\$ 5,000</b>
<b>Florida Division of CHPK</b>	<b>FN00-00000-2805-2281</b>	<b>\$ 5,000</b>

## Distribution List

The following should be informed of the account and project numbers created for named storms or storms expected to exceed the \$5,000 threshold:

### General Office

AVP, Regulatory and Business Planning  
Director, Regulatory  
Manager, Florida Financial Planning and Business Analyst  
Manager, Regulatory  
Administrative Assistants

### Human Resources

Director  
Generalist

### IT Department

Director

### Operations Center

Director  
Operations Manager  
Safety Director

### Corporate/Shared Services

Controller  
Assistant Controller  
Manager, Business Unit Accounting

### Marketing

Marketing Manager  
Manager, Energy Logistics

### Customer Care (Front & Back Office)

Managers and Supervisors