State of Florida

Public Service 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 1, 2026

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis LD

RE: Docket No.: 20260011-GU
Company Name: Florida Public Utilities Company
Company Code: GU603
Audit Purpose: A3h: Natural Gas Facilities Relocation Recovery Clause
Audit Control No.: 2026-041-1-2

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of this memo and audit report. If the Utility desired to file a response to the audit report, it should send a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachement: Audit Report

Cc: Office of Audit & Performance Analysis

State of Florida

Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Florida Public Utilities Company
Natural Gas Facilities Relocation Cost Recovery Clause

For the Period July 1, 2024, to July 31, 2025

Docket No. 20260011-EI
Audit Control No. 2026-041-1-2
May 27, 2026

Kathryn Guan
Audit Manager

Lynn M. Deamer
Reviewer

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<u>Purpose</u>

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by Office of Industry Development & Market Analysis in its audit service request dated January 30, 2026. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida Public Utilities Company in support of its 2025 filing for the Natural Gas Facilities Relocation Cost Recovery Clause in Docket No. 20260011-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

FPUC/Company refers to the Florida Public Utilities Company.
NGFRCRC refers to the Natural Gas Facilities Relocation Cost Recovery Clause.

Background

On February 3, 2026 and March 31, 2026, Florida Public Utilities Company filed support for its Natural Gas Facilities Relocation Cost Recovery Clause, for the period July 1, 2024, to July 31, 2025.

Rate Base

CWIP and Qualified Investment Activities

Objectives: The objectives were to reconcile the general ledger of CWIP and Qualified Investment Activities of NGFRCRC of the Company to the filing and verify that the costs charged to NGFRCRC are in compliance with Rule 25-7.150, F.A.C.

Procedures: We recalculated the qualified investment and revenue requirements from the general ledger for the period July 1, 2024, to July 31, 2025, and traced to Schedules C-1 and C-2. We traced the project and work order details to the supporting documentation and Schedule A-1. We also traced the projects and work orders to Commission Order No. PSC-2026-0052-TRF-GU, in Docket No. 20250121-GU, and confirmed the costs are in compliance with Rule 25-7.150, F.A.C. We judgmentally selected the qualified investment activities sample from the Company and traced them to the supporting documentation. No exceptions were noted.

Accumulated Depreciation

Objectives: The objective was to verify that the accumulated depreciation of NGFRCRC of the Company was properly recorded and reflected in the filing for the testing period.

Procedures: We recalculated the accumulated depreciation from July 1, 2024, to July 31, 2025, and traced to Schedules C-1 and C-2. No exceptions were noted.

True-up and Interest Provision

Objective: The objective was to verify that the true-up amount, including the interest calculation, is correctly reflected on the filing.

<u>Audit Findings</u>

None

Procedures: We recalculated the True-Up and Interest Provision amounts as of July 31, 2025, using the Non-Financial Commercial Paper rates, and the revenues and costs. No exceptions were noted.

Net Operating Income

Clause Revenues

Objectives: The objectives were to verify that the revenues of NGFRCRC of the Company were properly recorded in the general ledger and reflected in the filing, and whether the Company applied the Commission-approved cost recovery factor to actual kWh sales.

Procedures: The Commission had not determined a cost recovery factor for the audited period. We confirmed there was no clause revenue booked in the general ledger or reflected in filing for the period July 1, 2024, to July 31, 2025. No exceptions were noted.

Expenses

Objectives: The objective was to verify that the NGFRCRC costs of the Company were properly recorded and reflected in the filing for the testing period.

Procedures: We traced the breakdown of cost estimated for each project to Schedule A-1 and Form 1X. No exceptions were noted.

Depreciation Expenses

Objectives: The objective was to verify that the depreciation expenses of NGFRCRC of the Company were properly recorded in the general ledger and reflected in the filing.

Procedures: We obtained the depreciation rates from the Commission Order No. PSC-2023-0103-FOF-GU and traced to Schedules C-1 and C-2. We also recalculated the depreciation expenses for the period July 1, 2024, to July 31, 2025, and traced to Schedules C-1 and C-2. No exceptions were noted.

Exhibits

Exhibit 1: True-up - 2025

Florida Public Utilities Company
Natural Gas Facilities Relocation Cost Recovery Clause
Calculation of the Projected Revenue Requirements
January 1, 2025 through December 31, 2025

Schedule C-2
Exhibit_______
Diana Williams (DW-1 FPU)
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains Plastic - Current Year 1070 Activity		$ (140)	$ (2,480)	$ 64,741	$ 10,921	$ 6,376	$ -	$ -	$ 147,810	$ 152,682	$ 53,436	$ 14,764	$ 14,764	$ 462,874
Qualified Investment - Mains Plastic - Closed 1070 Activity to Plant		$ (73,196)	$ 14,244	$ (70,092)	$ (8,546)	$ (6,376)	$ -	$ -			$ (111,143)			$ (255,109)
Qualified Investment - Services - Current Year 1070 Activity														$ -
Qualified Investment - Services - Closed 1070 Activity to Plant														$ -
Qualified Investment - Mains Steel - Current Year 1070 Activity		$ 6,115	$ 1,729	$ -	$ 11,325	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,169
Qualified Investment - Mains Steel - Closed 1070 Activity to Plant		$ (6,115)	$ (1,729)		$ (11,325)									$ (19,169)
Qualified Investment - Mains Plastic- Current 1010 Activity		$ 73,196	$ (14,244)	$ 70,092	$ 8,546	$ 6,376	$ -	$ -	$ -	$ -	$ 111,143	$ -	$ -	$ 255,109
Qualified Investment - Services - Current 1010 Activity		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Qualified Investment - Mains Steel - Current 1010 Activity		$ 6,115	$ 1,729	$ -	$ 11,325	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,169
Total Qualified Investment - Mains Plastic 1070	$ 104,447	$ 31,111	$ 42,876	$ 37,524	$ 39,900	$ 39,900	$ 39,900	$ 39,900	$ 187,710	$ 340,392	$ 282,684	$ 297,448	$ 312,212	$ 312,212
Total Qualified Investment - Service 1070	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Qualified Investment - Mains Steel 1070	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Qualified Investment - Mains Plastic 1010	$ 608,088	$ 681,285	$ 667,040	$ 737,133	$ 745,678	$ 752,055	$ 752,055	$ 752,055	$ 752,055	$ 752,055	$ 863,198	$ 863,198	$ 863,198	$ 863,198
Total Qualified Investment - Service 1010	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Qualified Investment - Mains Steel 1010	$ 904,190	$ 910,305	$ 912,033	$ 912,033	$ 923,358	$ 923,358	$ 923,358	$ 923,358	$ 923,358	$ 923,358	$ 923,358	$ 923,358	$ 923,358	$ 923,358
Total Qualified Investment	$ 1,616,725	$ 1,622,700	$ 1,621,949	$ 1,686,690	$ 1,708,936	$ 1,715,313	$ 1,715,313	$ 1,715,313	$ 1,863,123	$ 2,015,805	$ 2,069,240	$ 2,084,004	$ 2,098,768	$ 2,098,768
Less: Accumulated Depreciation	$ (6,438)	$ (8,831)	$ (11,332)	$ (13,817)	$ (16,396)	$ (19,006)	$ (21,625)	$ (24,244)	$ (26,863)	$ (29,482)	$ (32,101)	$ (34,868)	$ (37,635)	$ (37,635)
Net Book Value	$ 1,610,287	$ 1,613,869	$ 1,610,617	$ 1,672,873	$ 1,692,540	$ 1,696,306	$ 1,693,687	$ 1,691,068	$ 1,836,260	$ 1,986,322	$ 2,037,139	$ 2,049,136	$ 2,061,133	$ 2,061,133
Average Net Qualified Investment		$ 1,612,078	$ 1,612,243	$ 1,641,745	$ 1,682,706	$ 1,694,423	$ 1,694,997	$ 1,692,378	$ 1,763,664	$ 1,911,291	$ 2,011,731	$ 2,043,137	$ 2,055,134	
Depreciation Rates														
Approved Depreciation Rate-Mains Plastic		1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	
Approved Depreciation Rate-Services		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Approved Depreciation Rate - Mains Steel		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	
Debt - Cost of Capital		1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	
Equity Component - inclusive of Income Tax Gross-up		$7,399	$7,400	$7,536	$7,724	$7,777	$7,780	$7,768	$8,095	$8,773	$9,234	$9,378	$9,433	$98,297
Debt Component		$2,606	$2,606	$2,654	$2,720	$2,739	$2,740	$2,736	$2,851	$3,090	$3,252	$3,303	$3,322	$34,619
Return Requirement		$10,005	$10,006	$10,190	$10,444	$10,516	$10,520	$10,504	$10,946	$11,863	$12,486	$12,681	$12,755	$132,916
Investment Expenses														
Depreciation Expense - Mains Plastic		$811	$908	$889	$983	$994	$1,003	$1,003	$1,003	$1,003	$1,003	$1,151	$1,151	$11,902
Depreciation Expense - Services		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Depreciation Expense - Mains Steel		$1,582	$1,593	$1,596	$1,596	$1,616	$1,616	$1,616	$1,616	$1,616	$1,616	$1,616	$1,616	$19,295
		$0	$0	$0	$0	$0	$0	$0	$0					$0
Property Taxes	0.02	$2,684	$2,684	$2,684	$2,684	$2,684	$2,684	$2,684	$2,684	$2,684	$2,684	$2,684	$2,684	$32,206
General Public Notice Expense & Customer Notice Expense														$0
Total Expense		$5,077	$5,185	$5,169	$5,263	$5,294	$5,303	$5,303	$5,303	$5,303	$5,303	$5,451	$5,451	$63,403
Total Revenue Requirements		$15,082	$15,191	$15,359	$15,707	$15,810	$15,823	$15,807	$16,249	$17,166	$17,789	$18,132	$18,206	$196,319
Revenue														
Relocation Surcharge Revenues Collected Month														
Tax Factor		1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	
Net Relocation Surcharge Revenue Collected		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Beginning True-Up														$40,167
(Over) and Under Recovery for the Month		$15,082	$15,191	$15,359	$15,707	$15,810	$15,823	$15,807	$16,249	$17,166	$17,789	$18,132	$18,206	$196,319
Monthly Interest (Expense)/Income		$ 173	$ 226	$ 282	$ 340	$ 399	$ 456	$ 512	$ 569	$ 631	$ 696	$ 762	$ 830	$5,876
Ending (Over) and Under Recovery	$40,167	$ 55,422	$ 70,839	$ 86,480	$ 102,527	$ 118,735	$ 135,014	$ 151,333	$ 168,151	$ 185,948	$ 204,432	$ 223,326	$ 242,362	$242,362
Beg of Month Annual Interest Rate		4.43%	4.29%	4.32%	4.30%	4.33%	4.34%	4.31%	4.28%	4.28%	4.28%	4.28%	4.28%	
End of Month Annual Interest Rate		4.29%	4.32%	4.30%	4.33%	4.34%	4.31%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	
Average Monthly Interest Rate		0.363%	0.359%	0.359%	0.360%	0.361%	0.360%	0.358%	0.357%	0.357%	0.357%	0.357%	0.357%	

Exhibit 2: True-up - 2024

Florida Public Utilities Company
Natural Gas Facilities Relocation Cost Recovery Clause
Calculation of the Projected Revenue Requirements
January 1, 2024 through December 31, 2024

Schedule C-1
Exhibit______
Diana Williams (DW-1 FPU)
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains Plastic - Current Year 1070 Activity								$ 2,971	$ 61,477	$ 91,924	$ 161,755	$ 81,984	$ 312,424	$712,536
Qualified Investment - Mains Plastic - Closed 1070 Activity to Plant											$ (35,853)	$ (67,358)	$ (504,878)	($608,088)
Qualified Investment - Services - Current Year 1070 Activity														$0
Qualified Investment - Services - Closed 1070 Activity to Plant														$0
Qualified Investment - Mains Steel - Current Year 1070 Activity								$ 67,668	$ 771,847	$ 61,708	$ 14,941		$ (11,974)	$904,190
Qualified Investment - Mains Steel - Closed 1070 Activity to Plant									$ (839,515)	$ (61,708)	$ (14,941)		$ 11,974	($904,190)
Qualified Investment - Mains Plastic- Current 1010 Activity		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,853	$ 67,358	$ 504,878	$608,088
Qualified Investment - Services - Current 1010 Activity		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$0
Qualified Investment - Mains Steel - Current 1010 Activity		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 839,515	$ 61,708	$ 14,941	$ -	$ (11,974)	$904,190
Total Qualified Investment - Mains Plastic 1070	$0	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,971	$ 64,448	$ 156,372	$ 282,275	$ 296,901	$ 104,447	$104,447
Total Qualified Investment - Service 1070	$0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$0
Total Qualified Investment - Mains Steel 1070	$0	$ -	$ -	$ -	$ -	$ -	$ -	$ 67,668	$ -	$ -	$ -		$ -	$0
Total Qualified Investment - Mains Plastic 1010	$0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,853	$ 103,211	$ 608,088	$608,088
Total Qualified Investment - Service 1010	$0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$0
Total Qualified Investment - Mains Steel 1010	$0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 839,515	$ 901,223	$ 916,163	$ 916,163	$ 904,190	$904,190
Total Qualified Investment	$0	$0	$0	$0	$0	$0	$0	$70,638	$903,963	$1,057,995	$1,234,291	$1,316,275	$1,616,725	$1,616,725
Less: Accumulated Depreciation	$0	$0	$0	$0	$0	$0	$0	$0	$0	($1,469)	($3,046)	($4,697)	($6,438)	($6,438)
Net Book Value	$0	$0	$0	$0	$0	$0	$0	$70,638	$903,963	$1,056,126	$1,231,245	$1,311,578	$1,610,287	$1,610,287
Average Net Qualified Investment		$0	$0	$0	$0	$0	$0	$35,319	$487,300	$980,044	$1,143,685	$1,271,411	$1,460,933	
Depreciation Rates														
Approved Depreciation Rate-Mains Plastic		1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	
Approved Depreciation Rate-Services		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Approved Depreciation Rate - Mains Steel		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	
Debt - Cost of Capital		1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	
Equity Component - inclusive of Income Tax Gross-up		$0	$0	$0	$0	$0	$0	$172	$2,373	$4,772	$5,569	$6,191	$7,114	$26,191
Debt Component		$0	$0	$0	$0	$0	$0	$47	$654	$1,315	$1,534	$1,706	$1,960	$7,216
Return Requirement		$0	$0	$0	$0	$0	$0	$219	$3,027	$6,087	$7,103	$7,897	$9,074	$33,407
Investment Expenses														
Depreciation Expense - Mains Plastic		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$48	$138	$185
Depreciation Expense - Services		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Depreciation Expense - Mains Steel		$0	$0	$0	$0	$0	$0	$0	$0	$1,469	$1,577	$1,603	$1,603	$6,253
		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Property Taxes		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Public Notice Expense & Customer Notice Expense		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expense		$0	$0	$0	$0	$0	$0	$0	$0	$1,469	$1,577	$1,651	$1,741	$6,438
Total Revenue Requirements		$0	$0	$0	$0	$0	$0	$219	$3,027	$7,556	$8,680	$9,548	$10,815	$39,845
Revenue														
Relocation Surcharge Revenues Collected Month		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Tax Factor		1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	
Net Relocation Surcharge Revenue Collected		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Beginning True-Up														$ -
(Over) and Under Recovery for the Month		$ -	$ -	$ -	$ -	$ -	$ -	$ 219	$ 3,027	$ 7,556	$ 8,680	$ 9,548	$ 10,815	$ 39,626
Monthly Interest (Expense)/Income		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8	$ 30	$ 60	$ 94	$ 130	$ 322
Ending (Over) and Under Recovery		$ -	$ -	$ -	$ -	$ -	$ -	$ 219	$ 3,254	$ 10,840	$ 19,580	$ 29,222	$ 40,167	$ 40,167
Beg of Month Annual Interest Rate		5.30%	5.33%	5.32%	5.30%	5.30%	5.30%	5.32%	5.29%	5.26%	4.85%	4.71%	4.58%	
End of Month Annual Interest Rate		5.33%	5.32%	5.30%	5.30%	5.30%	5.32%	5.29%	5.26%	4.85%	4.71%	4.58%	4.43%	
Average Monthly Interest Rate		0.443%	0.444%	0.443%	0.442%	0.442%	0.443%	0.442%	0.440%	0.421%	0.398%	0.387%	0.375%	