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 16, 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.: 20260010-EI
Company Name: Florida Public Utilities Company
Company Code: EI803
Audit Purpose: A3g: Storm Protection Plan Cost Recovery Clause
Audit Control No.: 2026-020-1-4

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
Storm Protection Plan Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260010-EI
Audit Control No. 2026-020-1-4
June 10, 2026

Jenna Ageeb
Audit Manager

Lynn M. Deamer
Reviewer

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Purpose

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 15, 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 Storm Protection Plan Cost Recovery Clause in Docket No. 20260010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

FPUC/Company refers to the Florida Public Utilities Company.
SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

Background

On April 1, 2026, Florida Public Utilities Company filed support for its Storm Protection Plan Cost Recovery factor, for the period January 2025 through December 2025, and the 2025 Storm Protection Plan Accomplishments.

Rate Base

Plant

Objectives: The objective was to determine that the plant additions, retirements, and adjustments for the year ended December 31, 2025, related to the Storm Protection Plan Cost Recovery Clause (SPPCRC) programs.

Procedures: We obtained the plant additions and retirements of SPPCRC for 2025. We recalculated the total plant additions by program, and reconciled to Form 7A. We judgmentally selected plant transactions of each program for sample testing, and traced to the supporting documentation. No exceptions were noted.

Capital Investment

Objectives: The objectives were to determine whether: 1) The capital investment for Feeder Hardening, Distribution Lateral Undergrounding, and Transmission Wooden Structure Hardening programs were properly booked and recorded, 2) The corresponding Plant-in-Service and Depreciation Base were properly recorded, and 3) CWIP Non Interest Bearing Accounts were calculated correctly for the test year ended December 31, 2025.

Procedures: We recalculated the capital investment activities for each program and reconciled to Forms 6A and 7A. Based upon the steps performed, audit staff determined that the Company's filing was representative of its book and records. No exceptions were noted.

True-Up

Objective: The objective was to determine if the True-Up and Interest Provision, as filed, was properly calculated for SPPCRC.

Procedures: We traced the December 31, 2024, True-up Provision to Commission Order No. PSC-2025-0439-FOF-EI. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission-approved beginning balance as of December 31, 2024, the Non-financial Commercial Paper rates, and the 2025 revenues and costs. No exceptions were noted.

Net Operating Income

Operating Revenue

Objectives: The objectives were to determine whether the revenue filed by the Company was supported by Company documentation and agrees to the general ledger.

Procedures: We computed revenues using the factors in the Commission Order No. PSC-2024-0481-FOF-EI and actual Kilowatt Hours (kWh) sales from the Revenue Reports and reconciled them to the general ledger and Form 2A. We selected a sample of residential and commercial customers' bills for the period and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Operation and Maintenance Expense

Objectives: The objectives were to: 1) review the expenses the Company included in the clause and determine whether these expenses are properly recoverable and supported by documentation.

Procedures: We recalculated the Overhead Hardening, Vegetation Management, Undergrounding Laterals and Implementation O&M program expenses from the general ledger, and reconciled to Forms 4A and 5A. We performed a judgmental sample for Implementation costs - Overhead Hardening O&M Programs, Underground O&M Programs, Vegetation Management O&M Programs, and traced them to the supporting documentation. No exceptions were noted.

Depreciation and Amortization Expenses

Objectives: The objective was to determine that the most recent Commission-approved depreciation rates and amortization periods were used in the Company's Storm Protection Plan schedules and the amounts were calculated correctly for the period ended December 31, 2025.

Procedures: We traced all depreciation rates used by project number from the Company's supporting documentation to the approved Depreciation Rates in Order No. PSC-2023-0384-PAA-EI. We obtained all deprecation rates used for the Feeder Hardening Program, Distributing Lateral Undergrounding Program, and the Transmission Wooden Structure Hardening Program, and traced to the Commission-approved depreciation rates. Audit staff determined that the Company has not performed a calculation to determine the amount of depreciation expense savings related to the retirement of existing plant resulting from its SPP programs. No exceptions were noted.

Accounting Practices

Objectives: The objectives were to: 1) Substantiate if the Company changed any of its accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause, and 2) Determine if the Company changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause.

Procedures: We requested and reviewed the accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Protection Plan Cost Recovery Clause. We reviewed whether the Company changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We confirmed that the Company has no change to its allocation method. No exceptions were noted.

Audit Findings

None

Exhibits

Exhibit 1: True-up

Florida Public Utilities
Storm Protection Plan Cost Recovery Clause
Final True-Up
January through December 2026

SPPCRC Form 2A
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[illegible]

Calculation of True-Up Amount
(In Dollars)

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Clause Revenues (net of Revenue Taxes)	$ 532,340	$ 458,460	$ 473,030	$ 359,150	$ 418,387	$ 497,093	$ 592,028	$ 655,951	$ 559,116	$ 470,576	$ 348,189	$ 825,816	$ 6,190,156
2. True-Up Provision [a]	(125,774)	(125,774)	(125,774)	(125,774)	(125,774)	(125,774)	(125,774)	(125,774)	(125,774)	(125,774)	(125,774)	(125,773)	(1,509,287)
3. Clause Revenues Applicable to Period (Lines 1 + 2)	406,566	332,706	347,256	233,376	292,613	371,319	466,254	530,177	433,342	344,802	222,415	700,043	4,680,869
4. Jurisdictional Rev. Req. (SPPCRC Form 5A and SPPCRC Form 7A)													
a. Overhead Hardening	189,763	169,375	220,563	197,763	200,227	220,899	233,968	293,941	318,520	319,372	276,430	277,740	2,918,561
b. Undergrounding	53,434	59,663	59,094	61,608	71,459	76,852	93,561	88,152	81,984	83,948	92,549	90,340	912,643
c. Vegetation Management	388,002	13,846	206,484	77,854	227,921	209,342	250,690	234,282	184,008	273,626	148,540	163,543	2,378,139
d. less: adj for costs in base rates	(81,292)	(81,292)	(52,448)										(215,030)
e. Total Jurisdictional Revenue Requirements [b]	549,907	161,592	433,694	337,225	499,608	507,093	678,218	616,375	584,511	676,947	517,519	531,623	5,994,312
5. Over/Under Recovery (Line 3 - Line 4d)	(143,341)	171,114	(86,438)	(103,849)	(206,995)	(135,774)	(111,964)	(86,198)	(151,169)	(332,144)	(295,104)	168,419	(1,313,443)
6. Interest Provision (SPPCRC Form 3A, Line 10)	(4,393)	(3,859)	(3,269)	(3,160)	(3,307)	(3,474)	(3,460)	(3,349)	(3,241)	(3,515)	(4,063)	(3,764)	(42,864)
7. Beginning Balance True-Up & Interest Provision	(1,509,287)	(1,531,247)	(1,238,218)	(1,202,151)	(1,183,406)	(1,287,934)	(1,281,408)	(1,271,058)	(1,234,831)	(1,263,467)	(1,473,352)	(1,646,745)	(1,509,287)
a. Deferred True-Up from January to December 2024 (Order No. PSC-2024-0459-FOF-EI)	307,988	307,988	307,988	307,988	307,988	307,988	307,988	307,988	307,988	307,988	307,988	307,988	307,988
8. True-Up Collected/(Refunded) (see Line 2)	125,774	125,774	125,774	125,774	125,774	125,774	125,774	125,774	125,774	125,774	125,774	125,773	1,509,287
9. End of Period Total True-Up (Lines 5+6+7+7a+8)	(1,223,259)	(930,230)	(894,163)	(875,418)	(959,948)	(973,420)	(963,070)	(926,843)	(955,479)	(1,165,364)	(1,338,757)	(1,048,319)	(1,048,319)
10. Adjustment to Period True-Up Including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
11. End of Period Total True-Up (Lines 9 + 10)	$ (1,223,259)	$ (930,230)	$ (894,163)	$ (875,418)	$ (959,948)	$ (973,420)	$ (963,070)	$ (926,843)	$ (955,479)	$ (1,165,364)	$ (1,338,757)	$ (1,048,319)	$ (1,048,319)

Notes:
[a] Approved in Order No. PSC-2024-0364-FOF-EI
[b] Form 5A Summary, Line 13 + Form 7A Summary, Line 12

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Florida Public Utilities Company
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Exhibit 2: Interest-Provision

Florida Public Utilities
Storm Protection Plan Cost Recovery Clause
Final True-Up
January through December 2026

SPPCRC Form 3A
REVISED 04/[illegible]/2026

Calculation of Interest Provision for True-Up Amount
(In Dollars)

Line		Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1.	Beginning True-Up Amount (SPPCRC Form 2A, Line 7+7a+10)	$ (1,201,299)	$ (1,223,259)	$ (930,230)	$ (894,163)	$ (876,418)	$ (959,946)	$ (973,420)	$ (963,070)	$ (926,843)	$ (956,479)	$ (1,165,364)	$ (1,338,757)	
2.	Ending True-Up Amount Before Interest	(1,218,866)	(926,371)	(690,894)	(872,238)	(956,639)	(969,946)	(959,610)	(923,494)	(952,238)	(1,161,849)	(1,334,694)	(1,044,565)	
3.	Total of Beginning & Ending True-Up (Lines 1 + 2)	(2,420,165)	(2,149,630)	(1,821,124)	(1,766,401)	(1,832,057)	(1,929,692)	(1,933,030)	(1,886,564)	(1,879,081)	(2,117,328)	(2,500,058)	(2,383,322)	
4.	Average True-Up Amount (Line 3 x 1/2)	(1,210,083)	(1,074,816)	(910,562)	(883,201)	(916,029)	(964,946)	(966,515)	(943,282)	(939,541)	(1,058,664)	(1,250,029)	(1,191,661)	
5.	Interest Rate (First Day of Reporting Business Month)	4.43%	4.29%	4.32%	4.30%	4.33%	4.34%	4.31%	4.28%	4.23%	4.05%	3.91%	3.88%	
6.	Interest Rate (First Day of Subsequent Business Month)	4.29%	4.32%	4.30%	4.33%	4.34%	4.31%	4.28%	4.23%	4.06%	3.91%	3.88%	3.69%	
7.	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	8.72%	8.61%	8.62%	8.63%	8.67%	8.65%	8.59%	8.51%	8.29%	7.97%	7.79%	7.57%	
8.	Average Interest Rate (Line 7 x 1/2)	4.360%	4.305%	4.310%	4.315%	4.335%	4.325%	4.295%	4.255%	4.145%	3.985%	3.895%	3.785%	
9.	Monthly Average Interest Rate (Line 8 x 1/12)	0.363%	0.359%	0.359%	0.360%	0.361%	0.360%	0.358%	0.355%	0.345%	0.332%	0.325%	0.315%	
10.	Interest Provision for the Month (Line 4 x Line 9)	$ (4,393)	$ (3,859)	$ (3,269)	$ (3,160)	$ (3,307)	$ (3,474)	$ (3,450)	$ (3,349)	$ (3,241)	$ (3,515)	$ (4,063)	$ (3,754)	$ (42,864)

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