

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: August 2, 2005
TO: Wayne Makin; Division of Competitive Markets and Enforcement
FROM: Denise Vandiver; Bureau Chief of Auditing *DV*
RE: **Docket No. 050003-GU; Company Name:** Florida Public Utilities
Company; **Audit Purpose:** Purchased Gas Adjustment True-up for 2004;
Audit Control No.: 05-039-4-2

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 no confidential work papers associated with this audit.

Attachment

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

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

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

DOCUMENT NUMBER-DATE

07538 AUG -4 05

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
BUREAU OF AUDITING*

Miami District Office

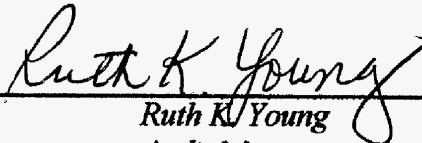
**FLORIDA PUBLIC UTILITIES
PURCHASED GAS ADJUSTMENT**

LIMITED SCOPE REPORT

YEAR ENDED DECEMBER 31, 2004

DOCKET NO. 050003-GU

AUDIT CONTROL NO. 05-039-4-2



Ruth K. Young
Audit Manager



Kathy Welch, Public Utilities Supervisor
Miami District Office

I. WORK PERFORMED

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

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

Tested a sample of customer bills to verify that the appropriate PGA factor was charged.

TRUE-UP: Recomputed true-up for the period. Verified that the beginning true-up amount and interest rates as stated by the Company agreed to the ending balance of the prior period, and that interest rates used were approved by the Florida Public Service Commission.

Reconciled monthly true-up amounts, as recorded on Schedule A-2 to the General Ledger.

FOR THE PERIOD OF: JANUARY 2004 THROUGH DECEMBER 2004

			CURRENT MONTH: DECEMBER				PERIOD TO DATE			
			ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE	
					AMOUNT	%			AMOUNT	%
TRUE-UP CALCULATION										
1	PURCHASED GAS COST	Sch. A-1 Line 4, Estimate include Sch. A-1 Line 10	3,762,866	3,495,400	(267,466)	(7.65)	25,637,166	26,880,446	1,243,280	4.63
2	TRANSPORTATION COST	Sch. A-1 Lines 1, 2, 3, 5, 6	538,394	519,862	(18,532)	(3.56)	4,245,341	3,956,806	(288,535)	(7.29)
3	TOTAL		4,301,260	4,015,262	(285,998)	(7.12)	29,882,507	30,837,252	954,745	3.10
4	FUEL REVENUES (NET OF REVENUE TAX)		3,949,919	4,009,320	59,401	1.48	30,444,688	30,788,980	344,292	1.12
5	TRUE-UP - (COLLECTED) OR REFUNDED *		43,858	43,858	0	0.00	526,292	526,292	0	0.00
6	FUEL REVENUE APPLICABLE TO PERIOD	Add Lines 4 + 5	3,993,777	4,053,178	59,401	1.47	30,970,980	31,315,272	344,292	1.10
7	TRUE-UP - OVER(UUNDER) - THIS PERIOD	Line 6 - Line 3	(307,483)	37,916	345,399	910.96	1,088,472	478,020	(610,452)	(127.70)
8	INTEREST PROVISION -THIS PERIOD	Line 21	2,435	25,788	23,353	90.56	19,659	192,389	172,730	89.78
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST		1,457,038	13,575,548	12,118,510	89.27	526,293	13,451,277	12,924,984	96.09
10	TRUE-UP COLLECTED OR (REFUNDED)	Reverse of Line 5	(43,858)	(43,858)	0	0.00	(526,292)	(526,292)	0	0.00
10a	FLEX RATE REFUND (if applicable)		0	0	0	0.00	-	0	0	0.00
11	TOTAL ESTIMATED/ACTUAL TRUE-UP	Add Lines 7 + 8 + 9 + 10 + 10a	1,108,132	13,595,394	12,487,262	91.85	1,108,132	13,595,394	12,487,262	91.85
INTEREST PROVISION										
12	BEGINNING TRUE-UP AND	Line 9	1,457,038	13,575,548	12,118,510	89.27				
13	ENDING TRUE-UP BEFORE INTEREST	Add Lines 12 + 7 + 5	1,105,697	13,569,606	12,463,909	91.85				
14	TOTAL (12+13)	Add Lines 12 + 13	2,562,735	27,145,154	24,582,419	90.56				
15	AVERAGE	50% of Line 14	1,281,368	13,572,577	12,291,209	90.56				
16	INTEREST RATE - FIRST DAY OF MONTH		2.22%	2.22%	0	0.00				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH		2.34%	2.34%	0	0.00				
18	TOTAL	Add Lines 16 + 17	4.56%	4.56%	0	0.00				
19	AVERAGE	50% of Line 18	2.28%	2.28%	0	0.00				
20	MONTHLY AVERAGE	Line 19 / 12 mos.	0.19000%	0.19000%	0	0.00				
21	INTEREST PROVISION	Line 15 x Line 20	2,435	25,788	23,353	90.56				

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.

4