

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: April 29, 2013
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 130001-EI
Company Name: Florida Public Utilities Company
Company Code: EI803
Audit Purpose: A3a Fuel Cost Recovery Clause
Audit Control No.: 13-016-4-2

RECEIVED-FPSC
13 APR 30 4:10:30
COMMISSION CLERK

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

LD/th

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER - DATE

02299 APR 30 2013

FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis

Bureau of Auditing

Miami District Office

Auditor's Report

Florida Public Utilities Company
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2012

Docket No. 130001-EI

Audit Control No. 13-016-4-2

April 24, 2013

A handwritten signature in cursive script, appearing to read "Kathy Welch", written over a horizontal line.

Kathy Welch

Audit Manager

A handwritten signature in cursive script, appearing to read "Iliana H. Piedra", written over a horizontal line.

Iliana H. Piedra

Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Accounting and Finance in its audit service request dated January 16, 2013. 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 revised 2012 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 130001-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Florida Public Utilities Company.

Fuel Clause refers to the Fuel and Purchased Power Cost Recovery Clause.

Revised filing refers to the filing made on April 22, 2013.

Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2012, through December 31, 2012, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the Fuel Clause.

Procedures: We reconciled the revised filing to the Utility's monthly Fuel Revenue Reports. We computed the factors by rate code and compared them to Commission Order No. PSC-11-0579-FOF-EI and to Commission Order No. PSC-12-0144-PCO-EI, for the mid-course correction. We selected a random sample of customers' bills for the months of February and August 2012 and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Objectives: The objectives were to determine whether fuel costs listed on the revised filing were accurate, supported by adequate documentation and that the expenses are appropriately recoverable through the Fuel Clause and meet the criteria in Commission Order 14546, issued July 8, 1985. In addition, we were to verify that the energy payments to qualifying facilities are based on the appropriate standard offer or negotiated contract rate.

Procedures: We traced expenses in the revised filing to the general ledger. We judgmentally selected a sample of these expenses for testing for the months of January through December 2012. The source documentation for selected items was reviewed to ensure the expense was related to the Fuel Clause and that the expense was charged to the correct accounts. We read the contracts with the qualifying facilities and compared the rates billed to the contracts. No exceptions were noted.

True-up

Objective: The objective was to determine whether the True-Up and Interest Provision as filed on the Calculation of Actual True-Up (M1 & F1) was properly calculated.

Procedures: We traced the December 31, 2011, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2012, using the Commission approved beginning balance as of December 31, 2011, the Financial Commercial Paper rates, and the 2012 Fuel Clause revenues and costs. No exceptions were noted.

Audit Findings

None

FLORIDA PUBLIC UTILITIES COMPANY
CALCULATION OF PURCHASED POWER COSTS AND CALCULATION OF TRUS-UP AND INTEREST PROVISION-EXCLUDING GSLD1
 ACTUAL/ESTIMATED FOR THE PERIOD: JANUARY 2012 THROUGH DECEMBER 2012 - Revised 4/18/2013
 (EXCLUDES LOSS LOSS, EXCLUDED TARIFFS)

Schedule F1

NORTHEAST FLORIDA DIVISION

	ACTUAL Jan 2012	ACTUAL Feb 2012	ACTUAL Mar 2012	ACTUAL Apr 2012	ACTUAL May 2012	ACTUAL Jun 2012	ACTUAL Jul 2012	ACTUAL Aug 2012	ACTUAL Sep 2012	ACTUAL Oct 2012	ACTUAL Nov 2012	ACTUAL Dec 2012	Total
Total System Sales - KWH	28,022,333	24,168,208	24,488,204	31,178,518	32,448,941	30,030,500	38,222,003	39,188,542	37,120,980	32,692,929	20,022,668	24,187,094	358,540,850
OCA Purchases - KWH	489,271	428,892	1,144,506	382,328	205,161	387,364	603,362	218,919	648,980	163,929	398,030	791,104	4,447,020
Revenue Purchases - KWH - On Peak													
Revenue Purchases - KWH - Off Peak													
JSA Purchases - KWH	28,042,412	26,087,080	27,190,702	33,187,228	37,679,747	33,087,433	42,303,606	37,146,721	34,504,891	28,039,990	23,339,120	24,038,480	373,604,467
System Billing Demand - KW	64,998	64,998	63,628	80,884	97,218	93,088	62,432	75,602	73,741	64,333	64,790	81,779	908,020
DEMAND-KW(network load)	100,619	100,204	77,822	83,189	91,229	111,679	105,289	109,991	84,884	87,374	81,683	81,676	1,142,702
Purchased Power Rates													
OCA Fuel Costs - \$/KWH	0.04847	0.04847	0.04847	0.04847	0.04847	0.04847	0.04847	0.04426	0.04426	0.04428	0.04428	0.04426	
Revenue - Energy Charge - On Peak													
Revenue - Energy Charge - Off Peak													
Base Fuel Costs - \$/KWH	0.04774	0.04774	0.04774	0.04774	0.04774	0.04774	0.04774	0.04360	0.04360	0.04360	0.04360	0.04360	
Energy Charge - \$/KWH	0.01608	0.01608	0.01608	0.01608	0.01608	0.01608	0.01608	0.01608	0.01608	0.01608	0.01608	0.01608	
Demand and Non-Fuel													
Demand Charge - \$/KW	11.38	11.38	11.38	11.38	11.38	11.38	11.38	11.38	11.38	11.38	11.38	11.38	
Distribution Facilities Charge - \$	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	39,736.00	
Transmission Charge \$/KW	1.51000	1.51000	1.51000	1.51000	1.51000	1.51000	1.51000	1.51000	1.51000	1.51000	1.51000	1.51000	
Purchased Power Costs	23,607	23,789	6,810	17,820	9,544	18,230	28,821	7,382	24,123	6,117	17,828	33,890	214,280
OCA Fuel Costs	0	0	0	0	0	0	0	0	0	0	0	0	
Revenue Standby Costs	0	0	0	0	0	0	0	0	0	0	0	0	
JSA Base Fuel Costs	1,072,500	1,107,699	1,298,089	1,604,350	1,794,067	1,609,230	2,022,441	1,440,311	1,499,431	1,138,300	1,017,569	1,079,080	17,048,688
JSA Fuel Adjustment	484,648	403,414	437,228	533,881	604,282	641,094	891,208	697,319	664,638	499,030	382,858	484,781	6,034,828
Subtotal Fuel Costs	1,557,148	1,511,113	1,735,317	2,138,231	2,398,349	2,250,324	2,913,649	2,137,630	2,164,069	1,637,330	1,400,427	1,563,861	23,083,516
Demand Charge	987,140	987,141	1,010,294	920,232	1,108,310	1,031,840	1,288,070	938,678	862,827	639,173	732,110	653,610	10,351,477
Distribution Facilities Charge	39,736	39,736	39,736	39,736	39,736	39,736	39,736	39,736	39,736	39,736	39,736	39,736	478,934
Transmission Charge	181,282	181,282	181,282	181,282	181,282	181,282	181,282	181,282	181,282	181,282	181,282	181,282	2,200,000
Subtotal Demand & Non-Fuel Costs	1,208,158	1,178,159	1,231,312	1,201,250	1,330,428	1,252,858	1,509,188	1,159,796	1,084,835	860,181	954,138	871,701	12,552,422
Total System Purchased Power Costs	3,765,306	2,689,272	2,966,629	3,339,481	3,650,777	3,462,582	4,422,837	3,297,426	3,248,904	2,500,511	2,354,565	2,435,562	35,635,938
Less Demand (Barg to GSD1) Class	174,432	160,339	188,774	444,821	498,354	497,600	114,000	144,320	297,229	218	264,474	126,128	2,876,371
Net Purchased Power Costs	3,590,874	2,528,933	2,777,855	2,894,660	3,152,423	2,964,982	4,308,837	3,153,106	2,951,675	2,282,289	2,088,087	2,309,434	32,759,567
Special Costs	21,227	47,488	10,133	20,280	48,688	38,418	18,760	26,263	19,889	9,785	19,318	3,828	240,787
Total Costs and Charges	3,612,101	2,576,421	2,787,988	2,914,940	3,201,111	3,003,399	4,327,597	3,179,370	2,971,564	2,292,074	2,107,405	2,313,262	33,000,354
Sales Revenue - Fuel Adjustment													
RS-1,000 kWh	892,477	832,934	825,357	829,446	867,052	803,895	1,061,000	1,008,006	1,061,020	987,274	662,744	644,602	11,104,688
RS-1,000 kWh	10304	246,544	216,482	237,582	310,711	481,227	776,990	870,203	776,389	614,740	303,677	260,632	5,522,674
OS	104,210	184,708	187,873	178,224	188,267	213,162	247,431	271,249	288,828	268,663	227,411	184,318	2,519,229
O&D	536,728	454,268	483,348	526,728	634,388	808,931	967,484	883,087	883,024	537,091	444,328	444,328	6,328,508
GSLD	180,914	151,975	140,117	169,828	188,823	186,115	182,873	223,401	221,429	230,603	209,566	164,947	2,213,907
OL	7,308	7,217	7,223	7,222	7,447	7,181	8,108	7,117	7,073	7,319	7,111	7,063	84,399
OL, COL	4,485	4,482	4,493	4,454	4,493	4,493	4,493	4,493	4,493	235	5,885	4,493	55,102
Unbilled Fuel Revenue	82,372	(488,963)	432,170	(200,917)	481,067	(123,800)	648,834	(609,607)	297,757	(608,674)	88,690	(18,381)	(8,902)
Total Fuel Revenue (Excl. GSD1)	2,224,257	1,394,282	2,265,773	1,761,971	2,543,226	2,331,822	3,665,436	2,544,788	3,332,337	2,199,634	2,224,085	1,922,443	28,319,913
GSD1 Fuel Revn	486,891	481,178	486,958	1,080,479	1,136,362	781,189	393,832	483,000	490,682	218	431,442	308,076	6,484,270
Non-Fuel Revenue	892,148	838,970	825,935	919,937	995,492	1,019,732	1,080,590	1,149,082	1,090,468	681,377	626,517	619,533	11,808,743
Total Sales Revenue	3,602,598	2,671,330	3,071,708	2,781,910	3,538,718	3,351,554	4,755,268	3,693,870	4,422,819	2,881,012	2,850,602	2,541,976	40,128,656
KWH Sales													
RS-1,000 kWh	3,002,170	2,827,767	2,962,597	2,968,761	3,015,569	4,670,470	7,645,490	6,608,348	7,641,024	5,971,047	2,954,170	2,622,628	53,620,347
OS	1,862,630	1,783,306	1,788,017	2,020,972	2,134,684	2,367,203	2,804,183	3,074,118	3,043,274	2,991,286	2,876,685	2,080,028	28,532,067
O&D	6,136,871	5,203,082	5,530,613	6,022,672	6,121,578	6,887,713	7,630,640	7,624,984	6,883,177	7,882,361	6,182,323	5,889,638	78,221,185
GSLD	1,816,840	1,727,220	1,691,940	1,932,480	1,941,880	2,127,880	2,008,480	2,854,120	2,831,660	2,708,020	2,388,940	1,868,620	25,311,900
GSD1	4,770,000	3,978,000	4,428,000	6,790,000	6,729,000	4,000,000	4,279,000	3,819,000	4,440,000	2,830,000	2,430,000	3,030,000	68,648,000
OL	119,480	118,880	118,330	118,590	118,520	114,547	114,816	112,946	116,888	116,888	116,888	114,038	1,378,317
OL, COL	71,789	71,901	71,918	72,888	73,188	71,818	73,188	71,918	71,918	7,790	168,247	71,918	882,012
Total KWH Sales	28,022,333	24,168,208	24,488,204	31,178,518	32,448,941	30,030,500	38,222,003	39,188,542	37,120,980	32,692,929	20,022,668	24,187,094	358,540,850
Trues Collection (Excl. GSD1)													
Fuel Revenue	2,224,257	1,394,282	2,265,773	1,761,971	2,543,226	2,331,822	3,665,436	2,544,788	3,332,337	2,199,634	2,224,085	1,922,443	28,319,913
True-up Provision - collect/refund	(262,424)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(3,149,622)
Gross Receipts Tax Refund	0	0	0	0	0	0	0	0	0	0	0	0	0
Fuel Revenue	2,486,831	1,631,864	2,533,191	2,014,389	2,805,844	2,804,340	3,847,854	2,807,188	3,594,755	2,481,952	2,486,493	2,184,861	31,488,035
Net Purchased Power and Other Fuel Costs	(2,590,297)	(2,528,933)	(2,777,855)	(2,894,660)	(3,152,423)	(2,964,982)	(4,308,837)	(3,153,106)	(2,971,564)	(2,282,289)	(2,088,087)	(2,309,434)	(29,790,567)
True-up Provision for the Period	211	236	230	222	207	198	184	160	230	242	208	208	2,852
Interest Provision for the Period	3,612,494	3,173,969	2,165,989	2,418,339	2,015,473	1,987,828	1,883,369	1,649,829	1,628,472	2,209,569	1,656,726	2,281,022	3,512,494
True-up Collected as (Refunded)	(282,424)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(262,418)	(3,149,622)
End of Period, Net True-up and Int. Prov	3,173,969	3,188,989	2,418,339	2,015,473	1,987,828	1,883,369	1,649,829	1,628,472	2,209,569	1,656,726	2,281,022	2,281,022	3,512,494
Beginning True-up Amount	3,612,494	3,173,969	2,165,989	2,418,339	2,015,473	1,987,828	1,883,369	1,649,829	1,628,472	2,209,569	1,656,726	2,281,022	3,512,494
Ending True-up Amount Before Interest	3,173,784	2,164,883	2,418,339	2,015,281	1,987,631	1,883,171	1,649,631	1,628,282	2,209,381	1,656,538	2,280,789	2,280,789	