

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  
Energy Conservation Cost Recovery

**Twelve Months Ended December 31, 2013**

Docket No. 140002-EG  
Audit Control No. 14-017-4-2  
**May 23, 2014**

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Bety Maitre  
Audit Staff

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Jeffery A. Small  
Audit Manager

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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 Economics in its audit service request dated January 14, 2014. We have applied these procedures to the attached summary exhibit and to several supporting schedules prepared by Florida Public Utilities Company in support of its 2013 filing for the Energy Conservation Cost Recovery Clause in Docket No. 140002-EG.

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

FPUC/Utility refers to Florida Public Utilities Company.

ECCR refers to Energy Conservation Cost Recovery.

### **Revenue**

**Objectives:** The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2013, through December 31, 2013, and whether the Utility applied the Commission approved energy conservation cost recovery factor to actual KWH sales.

**Procedures:** We computed revenues using the factors in Order No. 12-0611-FOF-EG, issued November 15, 2012 and actual KWH usage and reconciled them to the general ledger and the ECCR filing. 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.

### **Expense**

**Objectives:** The objectives were to determine whether Operation and Maintenance (O&M) Expense listed on the Schedule CT-3 of the Utility's ECCR filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECCR clause.

**Procedures:** We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, charged to correct account and appropriately recoverable through the ECCR clause. We traced conservation program rebates to allowances approved in Order No. PSC-10-678-PAA-EG, issued November 12, 2010. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

### **True-up**

**Objectives:** The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

**Procedures:** We traced the December 31, 2012, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2013, using the Commission approved beginning balance as of December 31, 2013, the Non-Financial Commercial Paper rates, and the 2013 ECCR revenues and costs. No exceptions were noted.

Audit Findings

**None**

## Exhibits

### Exhibit 1: True Up

COMPANY: FLORIDA PUBLIC UTILITIES - CONSOLIDATED ELECTRIC

SCHEDULE CT-3  
PAGE 1 OF 3

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
SUMMARY OF EXPENSES BY PROGRAM BY MONTH

FOR MONTHS		January-13	THROUGH	December-13										TOTAL
A. CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	Common	33,565	19,185	40,562	31,724	23,864	16,763	33,261	39,208	35,485	55,977	34,024	34,348	397,946
2.	Residential Energy Survey	4,148	14,215	11,137	13,095	16,878	13,363	37,017	22,041	13,980	22,279	12,555	13,940	194,850
3.	Loan Program (discontinued but remains open)	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	Commercial Energy Survey	1,706	1,328	674	3,847	5,747	8,803	4,174	6,928	868	4,390	1,318	938	40,728
5.	Low Income Education	0	0	0	0	0	0	0	0	0	0	0	0	0
6.	Commercial Heating & Cooling Upgrade	348	1,795	778	2,160	(122)	72	(0)	285	524	270	(0)		6,149
7.	Residential Heating & Cooling Upgrade	3,977	8,231	10,380	10,745	11,447	7,167	15,935	8,087	8,127	13,232	6,295	8,221	111,846
8.	Commercial Indoor Efficient Lighting Rebate	4,042	174	-	457	(122)	72	(0)	(17)		154	(0)		4,700
9.	Commercial Window Film Installation Program	25	(11)	-	457	151	207	(0)	(17)	145	154	(0)		1,112
10.	Commercial Chiller Upgrade Program	(28)	(11)	-	457	(122)	72	(0)	184	145	154	-		851
11.	Solar Water Heating Program	295	182	140	435	(122)	17	-	(17)					930
12.	Solar Photovoltaic Program	5,213	10,637	5,317	5,530	14,683	17	5,002	(17)					48,381
13.	Electric Conservation Demonstration and Development										1,345			1,345
14.	Affordable Housing Builders and Providers	0	0	0	0	0	0	0	0	0	0	0	0	0
15.														0
16.														0
17.														0
18.														0
19.														0
20.														0
21.														0
22.														0
21.	TOTAL ALL PROGRAMS	53,285	55,725	68,988	68,935	72,283	46,554	95,379	76,665	59,273	97,971	54,192	57,446	806,698
22.	LESS AMOUNT INCLUDED IN RATE BASE													
23.	RECOVERABLE CONSERVATION EXPENSES	53,285	55,725	68,988	68,935	72,283	46,554	95,379	76,665	59,273	97,971	54,192	57,446	806,698

COMPANY: FLORIDA PUBLIC UTILITIES - CONSOLIDATED ELECTRIC

SCHEDULE CT-3  
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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-13 THROUGH December-13

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
<b>B. CONSERVATION REVENUES</b>													
1. RESIDENTIAL CONSERVATION													
2. CONSERVATION ADJ REVENUES	(78,543)	(68,173)	(76,574)	(67,884)	(74,323)	(86,972)	(86,085)	(97,605)	(95,066)	(91,720)	(67,956)	(73,598)	(975,549)
3. TOTAL REVENUES	(78,543)	(68,173)	(76,574)	(67,884)	(74,323)	(86,972)	(86,085)	(97,605)	(95,066)	(91,720)	(67,956)	(73,598)	(975,549)
4. PRIOR PERIOD TRUE-UP ADJ NOT APPLICABLE TO THIS PERIOD	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(10,329)	(123,947)
5. CONSERVATION REVENUE APPLICABLE	(88,872)	(79,502)	(86,903)	(78,213)	(84,652)	(97,301)	(106,414)	(107,934)	(105,395)	(102,049)	(78,285)	(83,926)	(1,099,496)
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	53,285	55,725	66,988	68,835	72,283	46,654	65,379	76,655	59,273	97,971	54,192	57,446	806,698
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	(35,587)	(23,777)	(17,915)	(9,288)	(12,369)	(50,747)	(11,035)	(31,279)	(46,122)	(4,078)	(24,133)	(26,480)	(292,798)
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(14)	(17)	(20)	(17)	(10)	(15)	(16)	(7)	(13)	(16)	(10)	(10)	(163)
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(123,947)	(149,218)	(162,684)	(170,290)	(169,266)	(171,318)	(211,749)	(212,470)	(233,417)	(269,222)	(262,986)	(276,800)	(123,947)
SA. DEFERRED TRUE-UP (BEGINNING OF PERIOD)													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	10,329	10,329	10,329	10,329	10,329	10,329	10,329	10,329	10,329	10,329	10,329	10,329	123,947
11. TOTAL NET TRUE-UP (LINES 7+8+9+10A+10)	(149,219)	(162,684)	(170,290)	(169,266)	(171,318)	(211,749)	(212,470)	(233,417)	(269,222)	(262,986)	(276,800)	(292,961)	(292,961)

COMPANY: FLORIDA PUBLIC UTILITIES - CONSOLIDATED ELECTRIC

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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-13 THROUGH December-13

C.	INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1	BEGINNING TRUE-UP (LINE B-9)	(123,947)	(149,219)	(182,684)	(170,290)	(169,286)	(171,316)	(211,749)	(212,470)	(233,417)	(269,222)	(262,986)	(276,800)	(123,547)
2	ENDING TRUE-UP BEFORE INTEREST (LINES B7+B8+B9A+B10)	(149,205)	(182,967)	(170,270)	(199,249)	(171,300)	(211,734)	(212,456)	(233,410)	(269,209)	(262,971)	(276,790)	(282,951)	(292,798)
3	TOTAL BEG. AND ENDING TRUE-UP	(273,152)	(311,867)	(332,954)	(339,539)	(340,572)	(383,050)	(424,203)	(446,880)	(502,620)	(532,192)	(538,775)	(569,751)	(410,745)
4	AVERAGE TRUE-UP (LINE C-3 X 50%)	(136,576)	(155,943)	(166,477)	(169,789)	(170,286)	(191,525)	(212,102)	(222,940)	(251,313)	(269,096)	(269,888)	(284,875)	(206,373)
5	INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	0.10%	0.15%	0.14%	0.09%	0.09%	0.05%	0.08%	0.05%	0.05%	0.03%	0.06%	0.05%	
6	INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	0.16%	0.14%	0.09%	0.09%	0.05%	0.08%	0.05%	0.05%	0.03%	0.05%	0.05%	0.03%	
7	TOTAL (LINE C-5 + C-6)	0.25%	0.29%	0.23%	0.18%	0.14%	0.13%	0.13%	0.10%	0.08%	0.09%	0.11%	0.08%	
8	AVG INTEREST RATE (C-7 X 50%)	0.13%	0.15%	0.12%	0.09%	0.07%	0.07%	0.07%	0.05%	0.04%	0.05%	0.06%	0.04%	
9	MONTHLY AVERAGE INTEREST RATE	0.010%	0.012%	0.010%	0.008%	0.008%	0.005%	0.005%	0.004%	0.003%	0.004%	0.005%	0.003%	
10	INTEREST PROVISION (LINE C-4 X C-9)	(14)	(17)	(22)	(17)	(10)	(15)	(18)	(7)	(13)	(15)	(13)	(10)	(163)