

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 6, 2016  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 160002-EG  
Company Name: Florida Public Utilities Company  
Company Code: EI803  
Audit Purpose: Energy Conservation Cost Recovery Clause  
Audit Control No: 16-019-1-8

---

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 a response to the Office of Commission Clerk. There are confidential work papers associated with this audit.

LMD/cm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Tallahassee District Office

### Auditor's Report

Florida Public Utilities Company  
Energy Conservation Cost Recovery

**Twelve Months Ended December 31, 2015**

Docket No. 160002-EG  
Audit Control No. 16-019-1-8

**May 24, 2016**

A handwritten signature in black ink that reads "Donna D. Brown".

Donna D. Brown  
Audit Manager

A handwritten signature in blue ink that reads "Marisa N. Glover".

Marisa N. Glover  
Reviewer

Table of Contents

Purpose..... 1

Objectives and Procedures ..... 2

Audit Findings

    None..... 4

Exhibit

    1: True Up..... 5

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Economics in its audit service request dated January 19, 2016. 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 2015 filing for the Energy Conservation Cost Recovery Clause in Docket No. 160002-EG.

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

## Objectives and Procedures

### **General**

#### Definition

FPUC/Utility refers to the Florida Public Utilities Company.  
ECCR refers to the Energy Conservation Cost Recovery.

### **Revenue**

**Objectives:** The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2015, through December 31, 2015, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales.

**Procedures:** We computed revenues using the factors in Order No. PSC-14-0632-PAA-OF-EG, issued October 31, 2014. We selected a random 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**

#### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether Operation and Maintenance (O&M) Expenses listed on the Schedule CT-3 of the Utility's ECCR 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 expenses 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 Nos. PSC-10-0678-PAA-EG and PSC-15-0326-PAA-EG, issued November 12, 2010, and August 11, 2015, respectively. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

#### Other

**Objectives:** The objective was to verify the number of program participants reported in the Utility's Florida Energy Efficiency and Conservation Act (FEECA) filing.

**Procedures:** We verified the number of program participants reported in the Utility's March 1, 2016 FEECA filing for Residential Energy Survey Program, Residential Heating and Cooling Upgrade, and Commercial Energy Survey Program by comparing them to the program participants noted in the 2015 true-up filing. No exceptions were noted.

## **True-up**

**Objective:** 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, 2014, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2015, using the Commission approved beginning balance as of December 31, 2014, the Non-Financial Commercial Paper rates, and the 2015 ECCR revenues and costs. No exceptions were noted.

## **Analytical Review**

**Objective:** The objective was to perform an analytical review of the Utility's ECCR Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

**Procedures:** We compared 2014 to 2015 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

**None**

# Exhibit

## Exhibit 1: True Up

COMPANY: FLORIDA PUBLIC UTILITIES - CONSOLIDATED ELECTRIC  
 CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 FOR MONTHS January-15 THROUGH December-15

SCHEDULE CT-3  
 PAGE 2 OF 3

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
<b>B. CONSERVATION REVENUES</b>													
1. RESIDENTIAL CONSERVATION	(57,378)	(58,808)	(57,504)	(48,897)	(48,322)	(54,188)	(72,082)	(72,398)	(65,454)	(50,212)	(47,841)	(48,536)	(681,730)
2. CONSERVATION ADJ. REVENUES													0
3. TOTAL REVENUES	(57,378)	(58,808)	(57,504)	(48,897)	(48,322)	(54,188)	(72,082)	(72,398)	(65,454)	(50,212)	(47,841)	(48,536)	(681,730)
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	0.092	0.092	0.092	0.092	0.092	0.092	0.092	0.092	0.092	0.092	0.092	0.092	0.092
5. CONSERVATION REVENUE APPLICABLE	(50,680)	(52,114)	(46,812)	(40,205)	(41,030)	(52,507)	(65,400)	(65,707)	(60,762)	(43,520)	(41,149)	(42,841)	(601,423)
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	42,950	42,509	102,108	102,157	101,671	(7,590)	49,613	56,777	73,712	47,954	47,999	54,442	715,918
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	(7,730)	(9,515)	55,297	61,802	60,041	(60,103)	(15,587)	(9,931)	16,950	4,404	6,850	11,601	117,142
8. INTEREST PROVISION THIS PERIOD (FROM CT 3, PAGE 3, LINE 10)	6	4	4	7	13	13	9	8	10	10	11	23	117
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	80,307	60,884	49,681	98,290	153,467	206,829	140,047	117,776	104,162	114,429	112,211	112,380	80,307
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(6,652)	(60,307)
11. TOTAL NET TRUE UP (LINES 7-6+9-9A+10)	85,884	49,881	98,290	153,467	206,829	140,047	117,776	104,162	114,429	112,211	112,380	117,306	117,306

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 180602-CO  
 FLORIDA PUBLIC UTILITIES COMPANY  
 (COV-1)  
 PAGE 8 OF 23