

ORIGINAL

MEMORANDUM

July 27, 1998

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) W

RE: DOCKET NO. 980003-GU -- FLORIDA PUBLIC UTILITIES COMPANY
 AUDIT REPORT - PGA - SIX MONTHS ENDED MARCH 31, 1998
 AUDIT CONTROL NO. 98-160-4-3

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

Florida Public Utilities Company
 Frank C. Cressman
 P. O. Box 3395
 West Palm Beach, FL 33402-3395

DNV/sp

Attachment

cc: Chairman Johnson
 Commissioner Clark
 Commissioner Deason
 Commissioner Garcia
 Commissioner Jacobs
 Mary Andrews Bane, Deputy Executive Director/Technical
 Legal Services
 Division of Auditing and Financial Analysis (Devlin/Causseaux/
 File Folder)
 Division of Electric and Gas (Makin)
 Miami District Office (Young)

Research and Regulatory Review (Harvey)
 Office of Public Counsel

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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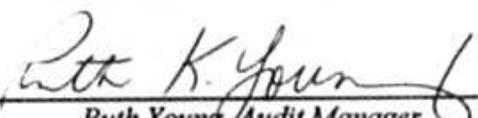


FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING
MIAMI DISTRICT OFFICE

FLORIDA PUBLIC UTILITIES COMPANY
PURCHASED GAS ADJUSTMENT AUDIT

SIX MONTHS ENDED MARCH 31, 1998

DOCKET NO. 980003-GU
AUDIT CONTROL NO. 98-160-4-3


Ruth Young, Audit Manager


Kathy Welch, Audit Supervisor

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**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT**

JULY 22, 1998

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have applied the procedures described later in this report to audit the accompanying Purchased Gas Adjustment Schedules A-2 for the six months ending March 31, 1998. These schedules were prepared by the utility as part of its Purchased Gas Adjustment true-up filings in Docket No. 970003-GU. There is confidential information associated with this audit filed with the Division of Records and Reporting separately. The audit exit conference was held on July 22, 1998.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

In our opinion, the schedules referred to above present fairly, in all material respects, the utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

Revenues:

Compiled purchased gas adjustment revenues for the months of October, 1997 through March, 1998. Revenues for two months were traced to the company reconciliation sheets and then to the monthly revenue reports. The amount of therms were agreed to the company monthly revenue reports. The conversion factors were verified and the amount used to bill the customers was compared to the cap approved by the Commission for this time period. Off system sales amounts and therms were agreed to the monthly revenue reports and to the invoices sent to the customer. The company regulatory assessment fee return for the six months ended December, 1997 was compared to the company revenue to determine if the company was including franchise fees revenues and gross receipts tax revenues in their return.

Expenses:

Compiled cost of gas expenses for the months of October, 1997 through March, 1998. Examined all invoices for two months. For invoices that were corrected, reviewed the fax cover sheets advising of the change; the reason for the change and the deal price volume reports. Reviewed expenses recorded in November for the Florida Gas Transmission Rate Case.

True-up and Interest:

Recalculated the true-up and interest amounts for the six months.
Traced interest rates to the Wall Street Journal.

II. Exhibits

FOR THE PERIOD OF: APRIL 1997 Through MARCH 1998

	CURRENT MONTH:				PERIOD TO DATE				
	OCTOBER 1997		DIFFERENCE		ACTUAL	ESTIMATE (3)	DIFFERENCE		
	ACTUAL	ESTIMATE	AMOUNT	%			AMOUNT	%	
TRUE-UP CALCULATION									
1 PURCHASED GAS COST (Sch. A-1 Line 4)	1,106,154	968,740	(137,414)	(14.18)	5,377,939	7,054,947	1,677,008	23.77	
2 TRANSPORTATION COST (Sch. A-1 Lines 1,2,3,5,6)	258,896	59,355	(199,541)	(336.18)	2,119,604	204,049	(1,915,555)	(938.77)	
3 TOTAL	1,365,050	1,028,095	(336,955)	(32.77)	7,497,542	7,258,996	(238,546)	(3.29)	
4 FUEL REVENUES (NET OF REVENUE TAX)	1,334,472	1,025,844	(308,628)	(30.09)	8,604,304	7,242,109	(1,362,195)	(18.81)	
5 TRUE-UP (COLLECTED) OR REFUNDED	(103,033)	(103,033)	0	0.00	(721,231)	(721,231)	0	0.00	
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,231,439	922,811	(308,628)	(33.44)	7,883,073	6,520,878	(1,362,195)	(20.89)	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(133,611)	(105,284)	28,327	(26.91)	385,531	(738,118)	(1,123,649)	152.23	
8 INTEREST PROVISION-THIS PERIOD (21) (2)	2,063	0	(2,063)	0.00	1,201	0	(1,201)	0.00	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST (1)	463,037	1,038,231	575,194	55.40	(673,441)	1,052,867	1,726,308	163.96	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	103,033	103,033	0	0.00	721,231	721,231	0	0.00	
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	434,522	1,035,980	601,458	58.06	434,522	1,035,980	601,458	58.06	
INTEREST PROVISION									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	463,037	1,038,231	575,194	55.40					* If line 5 is a refund add to line 4 If line 5 is a collection () subtract from line 4
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	432,459	1,035,980	603,521	58.26					
14 TOTAL (12+13)	895,496	2,074,211	1,178,715	56.83					
15 AVERAGE (50% OF 14)	447,748	1,037,106	589,358	56.83					
16 INTEREST RATE - FIRST DAY OF MONTH	5.5300%	0.0000%	--	--					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.5300%	0.0000%	--	--					
18 TOTAL (16+17)	11.0600%	0.0000%	--	--					
19 AVERAGE (50% OF 18)	5.5300%	0.0000%	--	--					
20 MONTHLY AVERAGE (19/12 Months)	0.461%	0.000%	--	--					
21 INTEREST PROVISION (15x20)	2,063	0	--	--					

Estimated Only:

- 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. In the ninth month of the period, the beginning True-up amount will change to the actual True-up amount at the end of the eighth month on the most recently filed Schedule E-2. The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.
- For the current period, interest should equal the most recently filed Schedule E-2.
- Period to date for months nine to twelve should be eight months actual plus four months estimated. Should agree to Schedule E-2.

FOR THE PERIOD OF: APRIL 1997 Through MARCH 1998

	CURRENT MONTH:		NOVEMBER 1997		PERIOD TO DATE				
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE (3)	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
TRUE-UP CALCULATION									
1 PURCHASED GAS COST (Sch. A-1 Line 4)	1,385,212	1,101,434	(283,778)	(25.76)	6,763,150	8,156,381	1,393,231	17.08	
2 TRNSPRTATION & OTHER (Sch. A-1 Lines 1,2,3,5,6)	592,606	214,013	(378,593)	(178.90)	2,712,210	418,062	(2,294,148)	(548.76)	
3 TOTAL	1,977,818	1,315,447	(662,371)	(50.35)	9,475,360	8,574,443	(900,917)	(10.51)	
4 FUEL REVENUES (NET OF REVENUE TAX)	1,695,996	1,312,252	(383,744)	(29.24)	10,300,300	8,554,361	(1,745,939)	(20.41)	
5 TRUE-UP (COLLECTED) OR REFUNDED	(103,033)	(103,033)	0	0.00	(824,264)	(824,264)	0	0.00	
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,592,963	1,209,219	(383,744)	(31.73)	9,476,036	7,730,097	(1,745,939)	(22.59)	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(384,855)	(106,228)	278,627	(262.29)	676	(844,346)	(845,022)	100.08	
8 INTEREST PROVISION-THIS PERIOD (21) (2)	1,362	0	(1,362)	0.00	2,563	0	(2,563)	0.00	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST (1)	434,522	1,035,980	601,458	58.06	(673,441)	1,052,867	1,726,308	163.96	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	103,033	103,033	0	0.00	824,264	824,264	0	0.00	
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	154,062	1,032,785	878,723	85.08	154,062	1,032,785	878,723	85.08	
INTEREST PROVISION									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	434,522	1,035,980	601,458	58.06					* If line 5 is a refund add to line 4 If line 5 is a collection () subtract from line 4
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	152,700	1,032,785	880,085	85.21					
14 TOTAL (12+13)	587,222	2,068,765	1,481,543	71.61					
15 AVERAGE (50% OF 14)	293,611	1,034,383	740,771	71.61					
16 INTEREST RATE - FIRST DAY OF MONTH	5.5300%	0.0000%	--	--					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.6000%	0.0000%	--	--					
18 TOTAL (16+17)	11.1300%	0.0000%	--	--					
19 AVERAGE (50% OF 18)	5.5650%	0.0000%	--	--					
20 MONTHLY AVERAGE (19/12 Months)	0.464%	0.000%	--	--					
21 INTEREST PROVISION (15x20)	1,362	0	--	--					

Estimated Only:

- 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. In the ninth month of the period, the beginning True-up amount will change to the actual True-up amount at the end of the eighth month on the most recently filed Schedule E-2. The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.
- For the current period, interest should equal the most recently filed Schedule E-2.
- Period to date for months nine to twelve should be eight months actual plus four months estimated. Should agree to Schedule E-2.

FOR THE PERIOD OF: APRIL 1997 Through MARCH 1998

	CURRENT MONTH:		DECEMBER 1997		PERIOD TO DATE			
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE (3)	DIFFERENCE	
			AMOUNT	%			AMOUNT	%
TRUE-UP CALCULATION								
1 PURCHASED GAS COST (Sch. A-1 Line 4)	1,343,963	1,537,032	193,069	12.56	8,107,113	8,300,132	193,069	2.33
2 TRNSPRTRATION & OTHER (Sch. A-1 Lines 1,2,3,5,6)	398,403	(5,185)	(403,588)	7,783.75	3,110,612	2,707,025	(403,587)	(14.91)
3 TOTAL	1,742,366	1,531,847	(210,519)	(13.74)	11,217,726	11,007,207	(210,519)	(1.91)
4 FUEL REVENUES (NET OF REVENUE TAX)	1,714,357	1,527,907	(186,450)	(12.20)	12,014,657	11,828,207	(186,450)	(1.58)
5 TRUE-UP (COLLECTED) OR REFUNDED	(103,033)	(103,033)	0	0.00	(927,297)	(927,297)	0	0.00
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,611,324	1,424,874	(186,450)	(13.09)	11,087,360	10,900,910	(186,450)	(1.71)
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(131,042)	(106,973)	24,069	(22.50)	(130,365)	(106,297)	24,068	(22.64)
8 INTEREST PROVISION-THIS PERIOD (2) (2)	662	710	48	0.00	3,225	3,273	48	0.00
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST (1)	154,062	154,062	0	0.00	(673,441)	(673,441)	0	0.00
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	103,033	103,033	0	0.00	927,297	927,297	0	0.00
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	126,715	150,832	24,117	15.99	126,715	150,832	24,117	15.99
INTEREST PROVISION								
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	154,062	154,062	0	0.00	* If line 5 is a refund add to line 4 If line 5 is a collection () subtract from line 4			
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	126,053	150,122	24,069	16.03				
14 TOTAL (12+13)	280,115	304,184	24,069	7.91				
15 AVERAGE (50% OF 14)	140,058	152,092	12,034	7.91				
16 INTEREST RATE - FIRST DAY OF MONTH	5.6000%	0.0000%	--	--				
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.7500%	0.0000%	--	--				
18 TOTAL (16+17)	11.3500%	0.0000%	--	--				
19 AVERAGE (50% OF 18)	5.6750%	0.0000%	--	--				
20 MONTHLY AVERAGE (19/12 Months)	0.473%	0.0000%	--	--				
21 INTEREST PROVISION (15x20)	662	0	--	--				

Estimated Only:

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- (2) For the current period, interest should equal the most recently filed Schedule E-2.
- (3) Period to date for months nine to twelve should be eight months actual plus four months estimated. Should agree to Schedule E-2.

FOR THE PERIOD OF: APRIL 1997 Through MARCH 1998

	CURRENT MONTH:		JANUARY 1998		PERIOD TO DATE				
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE (3)	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
TRUE-UP CALCULATION									
1 PURCHASED GAS COST (Sch. A-1 Line 4)	1,158,270	1,469,414	311,144	21.17	9,265,383	9,769,596	504,213	5.16	
2 TRNSPRTATION & OTHER (Sch. A-1 Lines 1,2,3,5,6)	609,868	85,367	(524,501)	(84.41)	3,720,480	2,792,392	(928,088)	(33.24)	
3 TOTAL	1,768,138	1,554,781	(213,357)	(13.72)	12,985,864	12,561,988	(423,876)	(3.37)	
4 FUEL REVENUES (NET OF REVENUE TAX)	1,698,029	1,551,042	(146,987)	(9.48)	13,712,686	13,379,249	(333,437)	(2.49)	
5 TRUE-UP (COLLECTED) OR REFUNDED	(103,033)	(103,033)	0	0.00	(1,030,330)	(1,030,330)	0	0.00	
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,594,996	1,448,009	(146,987)	(10.15)	12,682,356	12,348,919	(333,437)	(2.70)	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(173,142)	(106,772)	66,370	(62.16)	(303,508)	(213,069)	90,439	(42.45)	
8 INTEREST PROVISION-THIS PERIOD (21) (2)	430	0	(430)	0.00	3,655	2,563	(1,092)	0.00	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST (1)	126,715	150,122	23,407	15.59	(673,441)	(673,441)	0	0.00	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	103,033	103,033	0	0.00	1,030,330	1,030,330	0	0.00	
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	57,036	146,383	89,347	61.04	57,036	146,383	89,347	61.04	
INTEREST PROVISION									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	126,715	150,122	23,407	15.59					
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	56,606	146,383	89,777	61.33					
14 TOTAL (12+13)	183,321	296,505	113,184	38.17					
15 AVERAGE (50% OF 14)	91,661	148,253	56,592	38.17					
16 INTEREST RATE - FIRST DAY OF MONTH	5.7500%	0.0000%	---	---					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.5000%	0.0000%	---	---					
18 TOTAL (16+17)	11.2500%	0.0000%	---	---					
19 AVERAGE (50% OF 18)	5.6250%	0.0000%	---	---					
20 MONTHLY AVERAGE (19/12 Months)	0.469%	0.000%	---	---					
21 INTEREST PROVISION (15x20)	430	0	---	---					

* If line 5 is a refund add to line 4
If line 5 is a collection () subtract from line 4

Estimated Only:

- (1) 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. In the ninth month of the period, the beginning True-up amount will change to the actual True-up amount at the end of the eighth month on the most recently filed Schedule E-2. The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.
- (2) For the current period, interest should equal the most recently filed Schedule E-2.
- (3) Period to date for months nine to twelve should be eight months actual plus four months estimated. Should agree to Schedule E-2.

FOR THE PERIOD OF: APRIL 1997 Through MARCH 1998

	CURRENT MONTH: FEBRUARY 1998				PERIOD TO DATE				
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE (3)	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
TRUE-UP CALCULATION									
1 PURCHASED GAS COST (Sch. A-1 Line 4)	939,863	1,290,753	350,900	27.19	10,205,246	11,060,359	855,113	7.73	
2 TRNSPRTATION & OTHER (Sch. A-1 Lines 1,2,3,5,6)	543,130	25,927	(517,203)	(1,994.84)	4,263,610	2,818,319	(1,445,291)	(51.28)	
3 TOTAL	1,482,993	1,316,690	(166,303)	(12.63)	14,468,856	13,878,678	(590,178)	(4.25)	
4 FUEL REVENUES (NET OF REVENUE TAX)	1,534,650	1,313,380	(221,270)	(16.85)	15,247,335	14,602,629	(554,706)	(3.78)	
5 TRUE-UP (COLLECTED) OR REFUNDED	(103,033)	(103,033)	0	0.00	(1,133,363)	(1,133,363)	0	0.00	
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,431,617	1,210,347	(221,270)	(18.28)	14,113,972	13,559,266	(554,706)	(4.09)	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(51,376)	(106,343)	(54,967)	51.69	(354,884)	(319,412)	35,472	(11.11)	
8 INTEREST PROVISION-THIS PERIOD (2) (2)	381	0	(381)	0.00	4,036	2,563	(1,473)	0.00	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST (1)	57,036	146,383	89,347	61.04	(673,441)	(673,441)	(0)	0.00	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	103,033	103,033	0	0.00	1,133,363	1,133,363	0	0.00	
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	109,074	143,073	33,999	23.78	109,074	143,073	33,999	23.78	
INTEREST PROVISION									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	57,036	146,383	89,347	61.04					
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	108,693	143,073	-4,380	24.03					
14 TOTAL (12+13)	165,729	289,456	123,727	42.74					
15 AVERAGE (50% OF 14)	82,865	144,728	61,863	42.74					
16 INTEREST RATE - FIRST DAY OF MONTH	5.5000%	0.0000%	---	---					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.5300%	0.0000%	---	---					
18 TOTAL (16+17)	11.0300%	0.0000%	---	---					
19 AVERAGE (50% OF 18)	5.5150%	0.0000%	---	---					
20 MONTHLY AVERAGE (19/12 Months)	0.460%	0.0000%	---	---					
21 INTEREST PROVISION (15x20)	381	0	---	---					

* If line 5 is a refund add to line 4
If line 5 is a collection () subtract from line 4

Estimated Only:

- (1) 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. In the ninth month of the period, the beginning True-up amount will change to the actual True-up amount at the end of the eighth month on the most recently filed Schedule E-2. The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.
- (2) For the current period, interest should equal the most recently filed Schedule E-2.
- (3) Period to date for months nine to twelve should be eight months actual plus four months estimated. Should agree to Schedule E-2.

FOR THE PERIOD OF: APRIL 1997 Through MARCH 1998

	CURRENT MONTH:		MARCH 1998		PERIOD TO DATE				
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE (3)	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
TRUE-UP CALCULATION									
1 PURCHASED GAS COST (Sch. A-1 Line 4)	1,177,186	1,197,472	20,286	1.69	11,382,432	12,257,831	875,399	7.14	
2 TRNSPRTATION & OTHER (Sch. A-1 Lines 1,2,3,5,6)	601,198	(98,786)	(699,984)	708.59	4,864,807	2,719,533	(2,145,274)	(78.88)	
3 TOTAL	1,778,384	1,098,686	(679,698)	(61.86)	16,247,240	14,977,364	(1,269,876)	(8.48)	
4 FUEL REVENUES (NET OF REVENUE TAX)	1,295,579	1,095,446	(200,133)	(18.27)	16,542,914	15,788,075	(754,839)	(4.78)	
5 TRUE-UP (COLLECTED) OR REFUNDED	(103,020)	(103,020)	0	0.00	(1,236,383)	(1,236,383)	0	0.00	
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,192,559	992,426	(200,133)	(20.17)	15,306,531	14,551,692	(754,839)	(5.19)	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(585,825)	(106,260)	479,565	(451.31)	(940,709)	(425,672)	515,037	(120.99)	
8 INTEREST PROVISION-THIS PERIOD (21) (2)	(611)	0	611	0.00	3,425	2,563	(862)	0.00	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST (1)	109,074	143,073	33,999	23.76	(673,441)	(673,441)	0	0.00	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	103,020	103,020	0	0.00	1,236,383	1,236,383	0	0.00	
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	(374,342)	139,833	514,175	367.71	(374,342)	139,833	514,175	367.71	
INTEREST PROVISION									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	109,074	143,073	33,999	23.76					
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	(373,731)	139,833	513,564	367.27					
14 TOTAL (12+13)	(264,657)	282,906	547,563	193.55					
15 AVERAGE (50% OF 14)	(132,328)	141,453	273,781	193.55					
16 INTEREST RATE - FIRST DAY OF MONTH	5.5300%	0.0000%	--	--					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.5500%	0.0000%	--	--					
18 TOTAL (16+17)	11.0800%	0.0000%	--	--					
19 AVERAGE (50% OF 18)	5.5400%	0.0000%	--	--					
20 MONTHLY AVERAGE (19/12 Months)	0.462%	0.0000%	--	--					
21 INTEREST PROVISION (15x20)	(611)	0	--	--					

* If line 5 is a refund add to line 4
If line 5 is a collection () subtract from line 4

Estimated Only:

- (1) 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. In the ninth month of the period, the beginning True-up amount will change to the actual True-up amount at the end of the eighth month on the most recently filed Schedule E-2. The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.
- (2) For the current period, interest should equal the most recently filed Schedule E-2.
- (3) Period to date for months nine to twelve should be eight months actual plus four months estimated. Should agree to Schedule E-2.

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYO
DIRECTOR
(850) 413-6770

Public Service Commission

July 28, 1998

*Corrected Copy

Frank C. Cressman, Chairman and CEO
Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, Florida 33402-3395

Re: Docket No. 980003 - GU - Florida Public Utilities Company
Audit Report - PGA - Six Months Ended March 31, 1998
Audit Control # 98-160-4-3

Dear Mr. Cressman:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above case will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

Handwritten signature of Kay Flynn in cursive.

Kay Flynn, Chief
Bureau of Records

KF/ABF

Enclosure

cc: Public Counsel
Division of Audit and Financial Analysis
Wayne-Schiefelbein Kenneth A. Hoffman*