

MEMORANDUM

November 20, 1998

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 980002-EG -- FLORIDA PUBLIC UTILITIES COMPANY
CONSERVATION AUDIT REPORT - SIX MONTHS ENDED MARCH 31, 1998
AUDIT CONTROL NO. 98-173-4-2

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 no confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

Florida Public Utilities Company
John T. English
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 (Colson)
Miami District Office (Welch)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE
13238 NOV 23 98
FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING*


Miami District Office

FLORIDA PUBLIC UTILITIES COMPANY

CONSERVATION CLAUSE

HISTORICAL SIX MONTH ENDED MARCH 31, 1998

DOCKET NO. 980002-EG
AUDIT CONTROL NO. 98-173-4-2



Yen Ngo, Audit Manager



Kathy L. Welch, Audit Supervisor

DOCUMENT NUMBER-DATE

13238 NOV 23 88

FPSC-RECORDS/REPORTING

TABLE OF CONTENTS

I.	AUDITOR'S REPORT	PAGE
	AUDIT PURPOSE	1
	SCOPE LIMITATION	1
	DISCLAIM PUBLIC USE	1
	OPINION	1
	SUMMARY OF SIGNIFICANT PROCEDURES	2
II.	DISCLOSURES	
	1. PROMOTIONAL MERCHANDISE	3
IV.	EXHIBITS	
	CT-3 SCHEDULES 10/97 - 3/98	6

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

OCTOBER 29, 1998

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described in this report to audit the Conservation True-Up schedules for the historical 6-month period ended March 31, 1998 for Florida Public Utilities Company. These schedules were prepared by the utility as part of its petition for conservation recovery in Docket 980002-EG. There is no confidential information associated with this audit, and there are no audit staff minority opinions.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this document must 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. The attached findings discuss all differences and other matters which were noted during our examination.

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.

Examined - 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.

REVENUES: Revenues were recalculated by obtaining kilowatts sold from the revenue and rate reports from the billing cycle. These were multiplied by the rates billed according to the company rate deck. The rates were trace to the commission orders.

EXPENSES: Reviewed expenses for material amounts and changes from last period. Selected material amounts to trace to invoices to determine applicability to the conservation program. Ads were reviewed to determine applicability to the conservation program. Ads were reviewed to determine compliance with Commission policy.

TRUE-UP: Recalculated the true-up and verified the beginning true-up to the orders and the interest rates to the Wall Street Journal.

Audit Disclosure

Disclosure No.1

Subject: Promotional Merchandise

Statement of Fact: The company recorded promotional merchandise of \$3,291.32 for business card holders, golf balls, and 6 pack coolers for the good cents program in December, 1997 to Marianna and Fernandina Customer Assistance Expenses accounts. The promotional expenses were allocated to Marianna and Fernandina as follows:

	Marianna Account 114.4010.908	Fernandina Account 115.4010.908	Total
Business Card Holders & Golf balls	\$670.95	\$670.95	\$1,341.90
Business Card Holders & Golf balls	\$670.95	\$670.95	\$1,341.90
6 Pack Coolers	\$151.88	\$151.88	\$303.76
6 Pack Coolers	\$151.88	\$151.88	\$303.76
	<hr/> \$1,645.66	<hr/> \$1,645.66	<hr/> \$3,291.32

The promotional merchandise only contained the logo of the good cents program.

According to Commission Rule 25-17.015, "In determining whether an advertisement is 'directly related to an approved conservation program', the Commission shall consider, but is not limited to, whether the advertisement or advertising campaign:

1. Identifies a specific problem;
2. States how to correct the problem; and
3. Provides direction concerning how to obtain help to alleviate the problem."

Opinion: Although the promotion merchandise contained the logo of the good cents program and were conservation related, they did not meet the above criteria. Therefore, \$1,645.66 for Marianna and \$1,645.66 for Fernandina did not meet the rule requirements.

Recommendation: In the future, promotional merchandise is advertising expense and should be recorded in the company's Information and Instructional Advertise accounts 114.4010.909 and 115.4010.909 accordingly. The above expenses should be removed from this period.

III. EXHIBITS

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-2
PAGE 2 OF 3

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS October-87 THROUGH March-88

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1 In Contact with the Environment	1,228	0	0	3,055	0	0	10	0	71	0	4,374	0	4,374
2 Direct Leakage Repair	1,446	1,399	0	0	0	409	0	0	0	0	3,254	0	3,254
3 Residential Geothermal Heat Pump	1,191	0	0	0	0	0	0	0	0	0	1,191	0	1,191
4 Residential Energy Audits	2,289	3,046	0	0	0	0	118	0	0	0	5,453	0	5,453
5 Low Income Customer Energy Audits	1,271	0	0	0	0	0	0	0	0	0	1,271	0	1,271
6 FPU Express	1,471	2,727	0	0	0	0	78	0	0	0	4,276	0	4,276
7 Enhanced Good Cents Home	1,483	2,462	0	78	0	2,469	(353)	51	0	0	6,190	0	6,190
8 Commercial/Industrial Good Cents Building	915	807	0	0	0	1,437	0	0	0	0	2,859	0	2,859
9 Commercial/Industrial Energy Audits & Tech Ass	957	45	0	71	0	0	1,982	21	0	0	3,086	0	3,086
10 Common	10,565	281	1,490	0	4,005	700	154	2,007	0	649	19,851	0	19,851
TOTAL ALL PROGRAMS	22,626	10,507	1,490	3,204	4,005	5,015	1,999	2,079	71	649	51,705	0	51,705

EXHIBIT NO. _____
DOCKET NO. 88002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAR-88)
PAGE 3 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MAHANNA

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

SCHEDULE CT-3
PAGE 1 OF 3

FOR MONTHS	OCTOBER-87 THROUGH MARCH-88												TOTAL												
	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER													
A CONSERVATION EXPENSE BY PROGRAM																									
1 In Concert with the Environment	1,781	629	608	438	243	378	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,374
2 Direct Leasing Repair	993	258	872	81	305	747	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,254
3 Residential Geothermal Heat Pump	305	179	462	81	138	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,191
4 Residential Energy Audits	741	278	888	1,184	1,251	1,233	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,453
5 Low Income Customer Energy Audits	203	113	385	178	185	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,071
6 FPU Express	473	788	1,318	687	431	877	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,278
7 Enhanced Good Cards Home	333	477	2,848	1,314	719	801	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,190
8 Commercial/Industrial Good Cards Building	237	237	1,124	777	625	(91)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,859
9 Commercial/Industrial Energy Audits & Tech. As Common	2,447	331	208	58	1,894	448	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,088
10	2,562	3,824	3,053	2,802	3,369	4,341	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,851
11																									
12																									
13																									
14																									
15																									
16																									
17																									
18																									
19																									
20																									
21 TOTAL ALL PROGRAMS	7,855	8,911	11,893	7,879	9,060	8,507	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$1,795
22 LESS AMOUNT INCLUDED IN RATE BASE																									
23 RECOVERABLE CONSERVATION EXPENSES	7,855	8,911	11,893	7,879	9,060	8,507	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$1,795

EXHIBIT NO. _____
DOCKET NO. 88002-EO
FLORIDA PUBLIC UTILITIES COMPANY
(MAR-2)
PAGE 5 OF 34

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA
 CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE CT-3
 PAGE 2 OF 3

FOR MONTHS October-87 THROUGH March-88

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
8. CONSERVATION REVENUES													
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	20,008	15,464	17,868	18,520	17,498	18,360	0	0	0	0	0	0	103,798
3. TOTAL REVENUES	20,008	15,464	17,868	18,520	17,498	18,360	0	0	0	0	0	0	103,798
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	4,872	4,872	4,872	4,872	4,872	4,872							69,085
5. CONSERVATION REVENUE APPLICABLE	24,708	20,136	22,840	23,192	22,170	21,052	0	0	0	0	0	0	181,831
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	7,855	6,811	11,893	7,879	8,090	8,507	0	0	0	0	0	0	51,705
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	16,853	13,225	10,947	15,313	13,110	12,845	0	0	0	0	0	0	110,126
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	286	338	361	419	457	499	0	0	0	0	0	0	2,380
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	56,065	68,532	77,423	83,979	85,239	104,134							
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	(4,872)	(4,872)	(4,872)	(4,872)	(4,872)	(4,872)	(4,872)	0	0	0	0	0	0
11. TOTAL NET TRUE-UP (LINES 7+8+9A-10)	68,532	77,423	83,979	85,239	104,134	112,508	0	0	0	0	0	0	112,508

EXHIBIT NO. _____
 DOCKET NO. 88002-EO
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-2)
 PAGE 8 OF 28

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARBANKA

SCHEDULE CT-3
PAGE 3 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS October-87 THROUGH March-88

6-

C. INTEREST PROVISION	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1 BEGINNING TRUE-UP (LINE B-6)	88,065	68,532	77,423	83,979	95,239	104,134	0	0	0	0	0	0	0
2 ENDING TRUE-UP BEFORE INTEREST (LINES B7-B9+B9A-B10)	68,248	77,055	83,598	84,820	103,877	112,007	0	0	0	0	0	0	110,128
3 TOTAL BEG. AND ENDING TRUE-UP	124,311	145,517	161,021	178,799	199,816	216,141	0	0	0	0	0	0	110,128
4 AVERAGE TRUE-UP (LINE C-3 X 50%)	82,156	72,809	80,511	89,400	99,458	108,071	0	0	0	0	0	0	86,063
5 INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	5.53%	5.53%	5.60%	5.75%	5.80%	5.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	5.53%	5.60%	5.75%	5.90%	5.83%	5.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7 TOTAL (LINE C-5 + C-6)	11.06%	11.13%	11.35%	11.25%	11.03%	11.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 AVG. INTEREST RATE (C-7 X 50%)	5.53%	5.57%	5.68%	5.63%	5.52%	5.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 MONTHLY AVERAGE INTEREST RATE	0.481%	0.464%	0.473%	0.488%	0.480%	0.463%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
10 INTEREST PROVISION (LINE C-4 X C-8)	208	338	381	418	487	489	0	0	0	0	0	0	2,390

EXHIBIT NO. _____
DOCKET NO. BK0002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 7 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS October-87 THROUGH March-88

6-

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. In Concert with the Environment	2,040	0	0	3,021	0	0	43	0	0	0	5,104	0	5,104
2. Direct Leakage Repair	1,275	0	0	0	0	415	0	0	0	0	1,690	0	1,690
3. Residential Geothermal Heat Pump	510	0	0	50	0	0	0	0	0	0	560	0	560
4. Residential Energy Audits	2,730	3,904	0	0	0	178	0	0	0	0	6,810	0	6,810
5. Low Income Customer Energy Audits	751	0	0	0	0	0	0	0	0	0	751	0	751
6. FPU Express	874	1,744	0	0	0	0	78	0	0	18	2,715	0	2,715
7. Enhanced Good Cents Home	3,531	1,723	0	420	0	2,488	503	370	0	371	9,406	0	9,406
8. Commercial/Industrial Good Cents Building	394	196	0	0	0	1,437	565	0	0	0	2,594	0	2,594
9. Commercial/Industrial Energy Audits & Tech. Ass	1,915	0	0	191	0	0	560	0	0	0	2,666	0	2,666
10. Common	8,578	83	1,479	0	3,368	0	722	3,771	0	475	18,506	0	18,506
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
TOTAL ALL PROGRAMS	22,596	7,652	1,479	3,652	3,368	4,818	2,472	4,141	0	864	50,802	0	50,802

EXHIBIT NO. _____
DOCKET NO. 88002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 22 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH

A. CONSERVATION EXPENSE BY PROGRAM	FOR MONTHS												TOTAL	
	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER		
1. In Concert with Env Environment	1,833	807	1,729	135	126	474	0	0	0	0	0	0	0	5,104
2. Direct Leakage Repair	229	280	554	183	258	188	0	0	0	0	0	0	0	1,890
3. Residential Circumferential Heat Pump	183	105	87	88	68	69	0	0	0	0	0	0	0	590
4. Residential Energy Audits	880	750	1,855	483	2,128	703	0	0	0	0	0	0	0	6,810
5. Low Income Customer Energy Audits	31	208	79	87	138	210	0	0	0	0	0	0	0	751
6. FPU Express	143	311	437	480	340	1,024	0	0	0	0	0	0	0	2,715
7. Enhanced Good Centra Home	2,912	1,188	2,874	1,140	635	1,177	0	0	0	0	0	0	0	9,408
8. Commercial/Industrial Good Centra Building	6	28	852	811	758	138	0	0	0	0	0	0	0	2,694
9. Commercial/Industrial Energy Audits & Tech. As	394	402	267	227	888	477	0	0	0	0	0	0	0	2,668
10. Common	2,713	2,759	2,758	3,599	3,094	3,582	0	0	0	0	0	0	0	18,508
11.														
12.														
13.														
14.														
15.														
16.														
17.														
18.														
19.														
20.														
21. TOTAL ALL PROGRAMS	9,024	8,816	11,293	7,203	8,435	8,031	0	0	0	0	0	0	0	50,802
22. LESS AMOUNT INCLUDED IN RATE BASE														
23. RECOVERABLE CONSERVATION EXPENSES	9,024	8,816	11,293	7,203	8,435	8,031	0	0	0	0	0	0	0	50,802

EXHIBIT NO. _____
DOCKET NO. BR0003-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 24 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS October-97 THROUGH March-98

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
8. CONSERVATION REVENUES													
1 RESIDENTIAL CONSERVATION													0
2 CONSERVATION ADJ. REVENUES	25,870	18,021	22,008	24,322	22,821	22,270	0	0	0	0	0	0	138,110
3 TOTAL REVENUES	25,870	18,021	22,008	24,322	22,821	22,270	0	0	0	0	0	0	138,110
4 PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	4,212	4,212	4,212	4,212	4,212	4,212							80,844
5 CONSERVATION REVENUE APPLICABLE	30,082	22,233	26,218	28,534	26,833	26,482	0	0	0	0	0	0	188,854
6 CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 22)	9,024	8,818	11,293	7,203	8,425	8,021	0	0	0	0	0	0	50,802
7 TRUE-UP THIS PERIOD (LINE 5 - 6)	21,058	15,417	14,925	21,331	18,398	18,461	0	0	0	0	0	0	134,853
8 INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	272	340	400	484	529	599	0	0	0	0	0	0	2,804
9 TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	50,545	67,863	79,208	90,321	107,804	122,819							
9A DEFERRED TRUE-UP BEGINNING OF PERIOD													
10 PRIOR TRUE-UP COLLECTED (REFUNDED)	(4,212)	(4,212)	(4,212)	(4,212)	(4,212)	(4,212)							0
11 TOTAL NET TRUE-UP (LINES 7-8-9-9A-10)	67,863	79,208	80,321	107,804	122,819	137,657	0	0	0	0	0	0	137,657

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS October-87 THROUGH March-88

C. INTEREST PROVISION	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-8)	50,543	67,863	79,208	90,321	107,904	122,819	0	0	0	0	0	0	0
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7-B9+85A-810)	87,281	78,898	89,871	107,440	122,090	128,858	0	0	0	0	0	0	134,853
3. TOTAL BEG. AND ENDING TRUE-UP	117,828	148,531	189,179	197,781	228,994	258,477	0	0	0	0	0	0	134,853
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	58,968	72,268	84,965	98,881	114,987	128,738	0	0	0	0	0	0	87,427
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	5.53%	5.57%	5.80%	5.79%	5.50%	5.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	5.53%	5.80%	5.79%	5.50%	5.59%	5.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7. TOTAL (LINE C-8 + C-6)	11.06%	11.13%	11.35%	11.25%	11.03%	11.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8. AVG. INTEREST RATE (C-7 X 50%)	5.53%	5.67%	5.68%	5.63%	5.52%	5.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9. MONTHLY AVERAGE INTEREST RATE	0.481%	0.464%	0.472%	0.480%	0.460%	0.482%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
10. INTEREST PROVISION (LINE C-4 X C-8)	272	340	400	464	529	599	0	0	0	0	0	0	2,804

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

November 25, 1998

John T. English, President & CEO
Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, Florida 33402-3395

Re: Docket No. 980002 - EG - Florida Public Utilities Company
Audit Report - Conservation - Six Months Ended March 31, 1998
Audit Control # 98-173-4-2

Dear Mr. English:

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,


Blanca S. Bayo

BSB/abf

Enclosure

cc: Division of Audit and Financial Analysis
Kenneth Hoffman, Esquire