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TIMOTHY DEVLIN, DIRECTOR
AUDITING & FINANCIAL ANALYSIS
(850) 413-6480

Public Service Commission

March 22, 1999

Mr. John T. English
Florida Public Utilities Company (Fernandina Beach Division)
P. O. Box 3395
West Palm Beach, FL 33402-3395

Re: Docket No. Undocketed; Florida Public Utilities Company (Fernandina Beach Division)
Audit Request; Surveillance

Dear Mr. English:

The Florida Public Service Commission will review the December 1998 surveillance report to determine the amount of any excess earnings in accordance with Commission audit procedures. Access will be requested to documents and records of the utility and, if necessary, supporting records for affiliate company transactions that affect regulated operations. Staff auditors may also request to review the utility's external audit working papers for the most recent independent audit. Kathy Welch, (305) 470-5600, the district office supervisor, will coordinate this audit. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

The Audit Access to Records rule for each industry states:

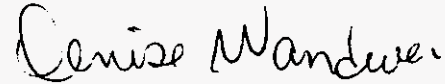
In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the audit request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached.

DOCUMENT NUMBER - DATE
03720 MAR 22 99
FPSC-RECORDS/REPORTING

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A formal report is expected to be issued for internal Commission use in July 1999. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver
Bureau Chief - Auditing

DNV:sp

cc: District Office Supervisor
Division of Legal Services
Division of Records and Reporting
Public Counsel