

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

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**DATE:** July 25, 2003  
**TO:** Division of Economic Regulation (Colson)  
**FROM:** Division of Auditing and Safety (Vandiver) *ON*  
**RE:** **Docket No.** 030002-GU; **Company Name:** Florida Public Utilities Co.; **Audit Purpose:** Energy Conservation Cost Recovery ; **Audit Control No.** 03-042-4-2

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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 the response to the Division of the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)  
Division of the Commission Clerk and Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

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Florida Public Utilities Co.  
401 South Dixie Highway  
West Palm Beach, FL 33402

DOCUMENT NUMBER DATE

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**FLORIDA PUBLIC SERVICE COMMISSION**

*DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING*

*Miami District Office*

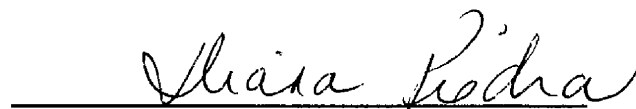
**FLORIDA PUBLIC UTILITIES CO.  
ENERGY CONSERVATION COST RECOVERY  
ELECTRIC**

**YEAR ENDED DECEMBER 31, 2002**

**DOCKET NO. 030002-EG**

**AUDIT CONTROL NO. 03-042-4-2**

  
\_\_\_\_\_  
*Kathy L. Welch, Audit Manager*

  
\_\_\_\_\_  
*Iliana Piedra  
Professional Accountant Specialist*

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**DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING**

**JULY 15, 2003**

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

We have applied the procedures described later in this report to the attached Conservation Cost Recovery schedules for the period ended December 31, 2002 for Florida Public Utilities Company Electric Division. These schedules were prepared by the utility as part of its petition for Conservation Cost Recovery in Docket 030002-EG.

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.

## 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.

**Confirmed-** Evidential matter supporting an account balance, transaction or other information was obtained directly from an independent third party.

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

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**Conservation Recovery Schedules:** Traced the filing to the general ledger. Reconciled revenues to the revenue and rate reports. Recalculated revenues to verify that the correct rate was used.

Examined all expense accounts for unusual entries and reviewed those invoices for compliance with the programs' guidelines and Commission policy. Tested payroll. Reviewed expenses for Fernandina to determine if any gas division costs were charged to conservation.

**True-up Calculation-** Recalculated the true up provision for the twelve months ended December 31, 2002 to determine the accuracy of the current true-up amount for the period under audit. Traced the interest rates to the Wall Street Journal-30 day Commercial Paper Rate.

**AUDIT EXCEPTION NO. 1**

**SUBJECT: NEWS!!! AD CAMPAIGN**

**STATEMENT OF FACT:** The company had an advertising campaign for the new FPUC logo. In July of 2002 a charge from E. W. Bullock for \$4,410.42 was charged to Fernandina conservation for this ad campaign. This invoice included TV ads and a billboard. According the the Director of Marketing, this campaign was not related to conservation and was coded in error.

**OPINION:** Expenses in July for Fernandina should be reduced by \$4,410.42.

## **AUDIT DISCLOSURES**

### **AUDIT DISCLOSURE NO. 1**

#### **SUBJECT: LOAN DEFAULTS**

**STATEMENT OF FACT:** Florida Public Utilities (FPUC) signed a contract with Gulf Power to administer loans made under the loan program. Gulf Power signed a contract with Southern Company. Southern Company was responsible for defining eligibility, establishing credit requirements, servicing, collection and any other administrative details necessary to loan funds under the loan program. In the event of a default, Southern Company would bill Gulf Power and Gulf would bill FPUC.

Invoices from Gulf Power for three loans that had defaulted were charged to conservation in the Marianna Division totaling \$22,444.28. (\$3,459.71 in January, \$12,334.48 in January, and \$6,650 in July) These write-offs have occurred in the past and have been allowed. The company replied in an interrogatory that it would be making an effort to collect these charges. No revenue from collections has been charged to conservation.

**AUDIT DISCLOSURE NO. 2**

**SUBJECT: STATIONARY AND BUSINESS CARDS**

**STATEMENT OF FACT:** The company paid E.W. Bullock Associates for stationary and business cards for the office that contained the Good Cents logo in February 2002. The stationary and business cards were not necessarily for conservation employees but were charged to conservation because the logo was on them. Even the accountants in West Palm Beach have the logo on their cards. The dollars related to Marianna are \$396.41 and Fernandina are \$440.75.

**OPINION:** This does not appear to be advertising cost but office supply cost that relates to all divisions and not specifically conservation.



**AUDIT DISCLOSURE NO. 3**

**SUBJECT: EVENT SPONSORSHIP**

**STATEMENT OF FACT:** The company pays several organizations for signs at school sporting events and for charity event sponsorship like golf events and race cars. The costs for Marianna totaled \$4,920 and Fernandina were \$2,000. The attached list details these costs.

**OPINION:** The company should have to support that these types of event advertising actually increase use of the conservation program since they appear to relate more to contributions.

FLORIDA PUBLIC UTILITIES  
ANALYSIS OF PROMOTIONS  
TEST YEAR ENDED DECEMBER 31, 2002

ACCOUNT	DATE BOOKED	PAYEE	AMOUNT
114.4010.908	1/02	JACKSON COUNTY SHERRIF	20
114.4010.909	01/02	USSERY RACING	600
114.4010.909	01/02	BEVIS RACING	600
114.4010.909	01/02	MARIANNA PAGEANT COMMITTEE	45
114.4010.909	02/02	MHS BASEBALL BOOSTERS	100
114.4010.909	04/02	LIBERTY COUNTY SENIOR CITIZENS	100
114.4010.909	04/02	MARIANNA OPTIMIST CLUB	200
114.4010.909	05/02	MARIANNA BAND BOOSTERS	80
114.4010.909	05/02	PANHANDLE SEMINOLE BOOSTERS	100
114.4010.909	05/02	MARIANNA RECREATIONAL DEPT.	100
114.4010.909	06/02	MARIANNA QUARTERBACK CLUB	150
114.4010.909	06/02	LIBERTY COUNTY BULLDOG CLUB	145
114.4010.909	08/02	JACKSON HOSPITAL FOUNDATION	250
114.4010.909	08/02	JACKSON HOSPITAL FOUNDATION	250
114.4010.909	08/02	COTTONDALE ATHLETIC BOOSTER	75
114.4010.909	08/02	AMERICAN CANCER SOCIETY	750
114.4010.909	09/02	MARIANNA HIGH GOLF TEAM	25
114.4010.909	09/02	SHERIFFS AND POLICE PRESS	80
114.4010.909	10/02	MARIANNA BOYS BASKETBALL	75
114.4010.909	10/02	ALTHA HERITAGE FEST	250
114.4010.909	10/02	RED CROSS	250
114.4010.909	10/02	RED CROSS	250
114.4010.909	11/02	MHS BASEBALL BOOSTER	125
114.4010.909	11/02	JACKSON COUNTY NAACP	150
114.4010.909	12/02	ALTHA BASEBALL	75
114.4010.909	01/02	ALTHA BASKETBALL	75
			<u>4,920</u>
115.4010.909	04/02	FERNANDINA MIDDLE SCHOOL	100
115.4010.909	04/02	N. HAMPTON	1,500
115.4010.909	06/02	OPTIMIST CLUB	400
			<u>2,000</u>

## **AUDIT DISCLOSURE NO. 4**

### **SUBJECT: PROPANE OPERATIONS**

**STATEMENT OF FACT:** The company has opened a Home and Hearth store in Fernandina that sells gas grills, fireplaces and propane. The rent, amortization of leasehold improvements, cleaning and plant rental for the new building have been allocated to conservation. In addition, the two conservation employees in Fernandina are now spending a large percentage of their time on propane operations. They report to the propane operations manager. Although they have been charging time to propane directly on their time sheets, expenses such as their car lease, cell phone, and gasoline usage have not been allocated.

**OPINION:** The transportation, cell phone, rent, leasehold improvements and office costs all need to be re-allocated based on the actual office space determination and payroll allocation. The allocations used by staff were based on an estimate after reviewing several time reports. The allocation of office space was based on a review of a drawing of the new office and multiplying the two conservation employees square footage times the allocation of their payroll and dividing it by the total space. This arrives at a 3% allocation as opposed to a 16% allocation used by the company. The existing reporting structure of the conservation employees could cause problems in insuring that expenses are charged properly since the person responsible for the propane budget would be interested in charging costs to other divisions. Therefore, additional testing needs to be done in the future rate case and conservation filings.

The following adjustments should be made based on the schedules attached. The amounts for gasoline and cell phones were determined from a review of the ledger and not actual review of the invoices. The company should review these and determine if any are not related to the employees shown. The percentages used may need to be higher in 2003 since more emphasis is being made on the propane business.

Remove 60% of car lease	\$ 3,081.18
Remove 60% of gasoline and car repairs	2,303.95
Remove 60% of cell phone	907.10
Remove office lease except for 3%	4,095.00
Remove leasehold improvements except for 3%	5,612.87
(See prior period audit for detail of these costs)	

The plant rental and cleaning allocation are immaterial and the company will be adjusting them in the next filing.

**FLORIDA PUBLIC UTILITIES  
ANALYSIS OF COSTS RELATED TO PAYROLL  
TEST YEAR ENDED DECEMBER 31, 2002  
KATHY L. WELCH  
JULY 16, 2003**

Toyota Lease for Noah Kirkus:

MONTH	AMOUNT LEDGER	STAFF AMOUNT	DIFFERENCE PER MONTH
Jan. 02	369.90	147.96	221.94
Feb. 02	369.90	147.96	221.94
March 02	369.90	147.96	221.94
April 02	369.90	147.96	221.94
May 02	369.90	147.96	221.94
June 02	369.90	147.96	221.94
July 02	369.90	147.96	221.94
August 02	369.90	147.96	221.94
Sept. 02	369.90	147.96	221.94
Oct. 02	369.90	147.96	221.94
Nov. 02	369.90	147.96	221.94
Dec. 02	369.90	147.96	639.84
Dec. 02	696.50	278.60	
	<u>5,135.30</u>	<u>2,054.12</u>	<u>3,081.18</u>
ALLOCATION TO CONSERVATION	40.00%		
	2,054.12		

Gasoline Expense: (Note: Some may be for Mike Peacock who is 100% conservation. Finding came too late to determine actual amounts. Company should have to provide documentation for Mike if it is to be removed from the adjustment below. Gas increased November and December. May be putting other gas employees through the clause.)

		AMOUNT	STAFF	DIFFERENCE	DIFFERENCE
		LEDGER	AMOUNT	PER ENTRY	PER MONTH
Jan. 02	Amoco	81.00	32.40	48.60	
Jan. 02	H & H Tires	82.41	32.96	49.45	
Jan. 02	PB Oil Co.	46.17	18.47	27.70	125.75
Feb. 02	PB Oil Co.	186.39	74.56	111.83	
Feb. 02	PB Oil Co.	49.61	19.84	29.77	141.60
March 02	Smile Gas	119.29	47.72	71.57	
March 02	PB Oil Co.	16.66	6.66	10.00	81.57
April 02	Smile Gas	123.63	49.45	74.18	
April 02	PB Oil Co.	110.71	44.28	66.43	
April 02	H & H Tires	43.12	17.25	25.87	
April 02	PB Oil Co.	43.87	17.55	26.32	192.80
May 02	Smile Gas	103.63	41.45	62.18	62.18
June 02	PB Oil Co.	183.49	73.40	110.09	
June 02	Smile Gas	129.97	51.99	77.98	188.08
July 02	Smile Gas	122.12	48.85	73.27	
July 02	PB Oil Co.	225.52	90.21	135.31	208.58
Aug. 02	H & H Tire	140.71	56.28	84.43	
Aug. 02	PB Oil Co.	145.84	58.34	87.50	
Aug. 02	Steven Johnson Tire	154.23	61.69	92.54	
Aug. 02	Smile Gas	171.75	68.70	103.05	367.52
Sept. 02	Smile Gas	130.05	52.02	78.03	78.03
Oct. 02	Smile Gas	148.14	59.26	88.88	
Oct. 02	PB Oil Co.	588.32	235.33	352.99	441.88
Nov. 02	Smile Gas	79.07	31.63	47.44	
Nov. 02	PB Oil Co.	104.18	41.67	62.51	109.95
Dec. 02	Smile Gas	146.00	58.40	87.60	
Dec. 02	PB Oil Co.	364.03	145.61	218.42	306.02
Total Car Expenses		3,839.91	1,535.96	2,303.95	2,303.95
Allocation Noah Payroll		40.00%			
Allowed Amount		1,535.96			

Cellular Phone Noah Kirkus:

		<b>AMOUNT LEDGER</b>	<b>STAFF AMOUNT</b>	<b>DIFFERENCE PER ENTRY</b>	<b>DIFFERENCE PER MONTH</b>
Jan. 02	Cingular	94.21	37.68	56.53	56.53
March 02	Nextel	296.20	118.48	177.72	177.72
April 02	Nextel	90.52	36.21	54.31	54.31
May 02	Nextel	289.31	115.72	173.59	
May 02	Nextel	136.66	54.66	82.00	255.58
July 02	Nextel	95.06	38.02	57.04	
July 02	Nextel	93.80	37.52	56.28	113.32
August 02	Nextel	101.26	40.50	60.76	60.76
Sept. 02	Nextel	122.06	48.82	73.24	73.24
Oct. 02	Nextel	99.99	40.00	59.99	59.99
Dec. 02	Nextel	92.77	37.11	55.66	55.66
Total Cell Phone		1,511.84	604.74	907.10	907.10
Allocation Noah Payroll		40.00%			
Allowed Amount		604.74			

Leasehold Improvements:

	AMOUNT LEDGER	STAFF AMOUNT	DIFFERENCE PER ENTRY	DIFFERENCE PER MONTH	
Jan. 02	782.63	149.28	633.35	633.35	Co. used 16%, staff at 3% of \$4,976
Feb. 02	782.63	149.28	633.35	633.35	Co. used 16%, staff at 3% of \$4,976
March 02	782.63	149.28	633.35		Co. used 16%, staff at 3% of \$4,976
March 02	782.63	149.28	633.35	1,266.70	Co. used 16%, staff at 3% of \$4,976
April 02	782.63	149.28	633.35	633.35	Co. used 16%, staff at 3% of \$4,976
May 02	782.63	149.28	633.35	633.35	Co. used 16%, staff at 3% of \$4,976
May 02	Remove 5 mths. abov.	(3,913.15)	(895.68)	(3,017.47)	Removed all above
May 02	Corrected 5 mths.	872.00	163.50	708.50	See note A
May 02	Corrected 5 mths.	1,364.87	255.90	1,108.97	See note A
May 02	correction last audit	(2,347.89)	(2,136.36)	(211.53)	See note A
May 02	correction last audit	523.20		523.20	See note A
May 02	correction last audit	818.92		818.92	563.94 See note A
			0.00		See note A
June 02	174.84	32.70	142.14		Co. used 1090 at 16%, staff at 3%
June 02	272.98	51.18	221.80	363.94	Co. used 1706 at 16% staff at 3%
July 02	174.84	32.70	142.14		Co. used 1090 at 16%, staff at 3%
July 02	272.98	51.18	221.80	363.94	Co. used 1706 at 16% staff at 3%
August 02	174.84	32.70	142.14		Co. used 1090 at 16%, staff at 3%
August 02	272.98	51.18	221.80	363.94	Co. used 1706 at 16% staff at 3%
Sept. 02	174.84	32.70	142.14		Co. used 1090 at 16%, staff at 3%
Sept. 02	272.98	51.18	221.80	363.94	Co. used 1706 at 16% staff at 3%
Oct. 02	174.84	32.70	142.14	142.14	Co. used 1090 at 16%, staff at 3%
Nov. 02	174.84	32.70	142.14	142.14	Co. used 1090 at 16%, staff at 3%
Dec. 02	174.84	32.70	142.14	142.14	Co. used 1090 at 16%, staff at 3%
	4,329.53	(1,283.34)	5,612.87	5,612.87	

The plant rental invoice is also wrong. Only 3% should be charged to the conservation but the difference is immaterial and the company is correcting in the next audit.

Removed all above

Co. used 1090 at 16% times 5 mths., staff 3%

Co. used 1706 at 16% times 5 mths., staff 3%

Co took out prior years 3 months and added back corrected number 3 months but at 16%

Staff took out \$2,388 last year less 3 months of allowed \$32.70 and \$51.18 which is at 3%.

Note A:

Company calculation to remove prior years audit adjustment:

Company allowed amount per last audit	1,090.00
Company percent amount	16.00%
Company allocation	174.40
Months	3.00
Adjustment to correct last year's entries	523.20

Company allowed amount per last audit	1,706.00
Company percent amount	16.00%
Company allocation	272.96
Months	3.00
Adjustment to correct last year's entries	818.88

Company took out total costs recorded in 2001 (3 months of the \$782.63) (2,347.89)

Staff amounts:

Company allowed amount per last audit	1,090.00
Company percent amount	3.00%
Company allocation	32.70
Months	3.00
Adjustment to correct last year's entries	98.10
Company allowed amount per last audit	1,706.00
Company percent amount	3.00%
Company allocation	51.18
Months	3.00
Adjustment to correct last year's entries	153.54
Remove amounts booked to expense in 2001 Per last Audit	(2,388.00)
Total staff amount	(2,136.36)

Office Lease:

	AMOUNT LEDGER	STAFF AMOUNT	DIFFERENCE PER MONTH
Jan. 02			
Feb. 02	420.00	78.75	341.25
March 02	420.00	78.75	341.25
March 02	420.00	78.75	341.25
April 02	420.00	78.75	341.25
May 02	420.00	78.75	341.25
June 02	420.00	78.75	341.25
July 02	420.00	78.75	341.25
August 02	420.00	78.75	341.25
Sept. 02	420.00	78.75	341.25
Oct. 02	420.00	78.75	341.25
Nov. 02	420.00	78.75	341.25
Dec. 02	420.00	78.75	341.25
Total Expense	5,040.00	945.00	4,095.00

Total months rent expense was \$2,625. Company allocated 16%. Staff allocated 3% of the monthly charge.



**AUDIT DISCLOSURE NO. 5**

**SUBJECT: PAYROLL**

**STATEMENT OF FACT:** It was determined that the amounts from the payroll entries did not agree to the payroll amounts in the filing. When preparing the filing, the company has been including travel, training and other payments made to the employees under payroll. One month legal was even included in the payroll number.

**OPINION:** The error does not affect total expenses because all costs are recoverable. However, the payroll is separately identified in the filing and should only include actual payroll and benefits such as insurance and pension costs, not reimbursements made to the employees. The filing for Marianna showed \$93,129 for labor/payroll. According to the journal entries, payroll was \$90,906.05, a difference of \$2,222.95. The filing for Fernandina showed \$66,350. Payroll according to the journal entries was \$66,122.36, a difference of \$227.64.

**EXHIBITS**

**CT 3 SCHEDULES FERNANDINA**

**CT 3 SCHEDULES MARIANNA**

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

FOR MONTHS January-02 THROUGH December-02

A. CONSERVATION EXPENSE BY PROGRAM	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.													0
2.													0
3.													0
4.													0
5.													0
6.													0
7.													0
8.													0
9.													0
10. Common	5,119	6,734	6,457	7,807	2,928	5,160	7,678	6,227	6,174	6,330	8,230	5,796	74,640
11. Residential Geothermal Heat Pump	(11)	0	0	0	169	156	115	2,697	979	261	22	1,596	6,004
12. GoodCents Home/Energy Star	4,182	6,819	6,632	1,818	1,484	1,736	1,847	3,350	1,533	2,048	1,901	1,853	35,203
13. GoodCents Energy Survey Program	1,761	1,819	830	1,120	1,681	978	1,249	3,105	1,405	2,537	2,845	1,201	20,531
14. GoodCents Loan Program	(35)	0	0	0	0	105	52	49	49	(2)	43	0	262
15. GoodCents Commercial Building	342	237	289	611	424	82	135	255	388	774	294	188	4,019
16. GoodCents Commercial Tech. Assistance	587	534	761	604	1,178	1,366	20,802	2,521	3,816	8,251	4,731	1,354	46,505
17. Low Income	(12)	0	0	0	169	(50)	0	0	0	0	0	0	107
18. Affordable Housing/Builders Program	0	0	0	0	169	(50)	0	153	0	0	0	0	272
19.	0	0	0	0	0	0	0	0	0	0	0	0	0
20.													
21. TOTAL ALL PROGRAMS	11,933	16,143	14,969	11,960	8,202	9,484	31,878	18,357	14,344	20,219	18,066	11,988	187,543
22. LESS AMOUNT INCLUDED IN RATE BASE													
23. RECOVERABLE CONSERVATION EXPENSES	11,933	16,143	14,969	11,960	8,202	9,484	31,878	18,357	14,344	20,219	18,066	11,988	187,543

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-3  
PAGE 2 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-02 THROUGH December-02

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	20,808	17,060	17,594	16,456	19,706	21,955	23,318	23,281	24,095	22,879	17,232	20,069	244,453
3. TOTAL REVENUES	20,808	17,060	17,594	16,456	19,706	21,955	23,318	23,281	24,095	22,879	17,232	20,069	244,453
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(1,207)	(1,207)	(1,207)	(1,207)	(1,207)	(1,207)	(1,207)	(1,207)	(1,207)	(1,207)	(1,207)	(1,204)	(14,481)
5. CONSERVATION REVENUE APPLICABLE	19,601	15,853	16,387	15,249	18,499	20,748	22,111	22,074	22,888	21,672	16,025	18,865	229,972
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	11,933	16,143	14,969	11,960	8,202	9,484	31,878	18,357	14,344	20,219	18,066	11,988	187,543
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	7,668	(290)	1,418	3,289	10,297	11,264	(9,767)	3,717	8,544	1,453	(2,041)	6,877	42,429
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(16)	(9)	(7)	(1)	9	26	31	28	39	47	43	38	228
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(14,481)	(5,622)	(4,714)	(2,096)	2,399	13,912	26,409	17,880	22,832	32,622	35,329	34,538	(14,481)
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,204	14,481
11. TOTAL NET TRUE-UP (LINES 7+B+9+9A+10)	(5,622)	(4,714)	(2,096)	2,399	13,912	26,409	17,880	22,832	32,622	35,329	34,538	42,657	42,657

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-02 THROUGH December-02

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	(14,481)	(5,622)	(4,714)	(2,096)	2,399	13,912	26,409	17,880	22,832	32,622	35,329	34,538	(14,481)
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	(5,506)	(4,705)	(2,089)	2,400	13,903	26,383	17,849	22,804	32,583	35,282	34,495	42,619	42,429
3. TOTAL BEG. AND ENDING TRUE-UP	(20,087)	(10,327)	(6,803)	304	16,302	40,295	44,258	40,684	55,415	67,904	69,824	77,157	27,948
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	(10,044)	(5,164)	(3,402)	152	8,151	20,148	22,129	20,342	27,708	33,952	34,912	38,579	13,974
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	1.78%	1.77%	1.75%	1.80%	1.75%	1.77%	1.75%	1.73%	1.71%	1.71%	1.71%	1.71%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	1.77%	1.75%	1.80%	1.75%	1.77%	1.75%	1.73%	1.71%	1.71%	1.71%	1.71%	1.71%	
7. TOTAL (LINE C-5 + C-6)	3.55%	3.52%	3.55%	3.55%	3.52%	3.52%	3.48%	3.44%	3.42%	3.42%	3.42%	3.42%	
8. AVG INTEREST RATE (C-7 X 50%)	1.78%	1.76%	1.78%	1.78%	1.76%	1.76%	1.74%	1.72%	1.71%	1.71%	1.71%	1.71%	
9. MONTHLY AVERAGE INTEREST RATE	0.148%	0.147%	0.148%	0.148%	0.147%	0.147%	0.145%	0.143%	0.143%	0.143%	0.143%	0.143%	
10. INTEREST PROVISION (LINE C-4 X C-9)	(16)	(9)	(7)	(1)	9	26	31	28	39	47	43	38	228

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

FOR MONTHS		January-02	THROUGH	December-02										
A. CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.														0
2.														0
3.														0
4.														0
5.														0
6.														0
7.														0
8.														0
9.														0
10.	Common	6,848	5,436	5,607	4,856	4,378	5,456	6,190	6,363	4,589	6,071	8,231	5,122	69,147
11.	Residential Geothermal Heat Pump	(53)	0	0	0	0	0	0	1,892	0	0	0	0	1,839
12.	GoodCents Home/Energy Star	4,635	4,886	5,112	3,696	2,745	2,874	2,284	6,116	1,981	3,536	3,875	2,446	44,186
13.	GoodCents Energy Survey Program	2,735	3,204	2,321	3,416	3,495	2,078	1,703	5,223	1,906	2,039	3,375	2,278	33,774
14.	GoodCents Loan Program	16,020	732	143	78	0	37	6,650	(235)	(60)	(60)	(60)	569	23,814
15.	GoodCents Commercial Building	718	898	190	378	450	391	551	690	869	590	1,264	1,096	8,085
16.	GoodCents Commercial Tech. Assistance	400	732	1,017	644	1,562	881	15,327	5,638	3,572	7,557	8,399	4,172	49,901
17.	Low Income	0	0	0	0	0	0	37	76	76	20	0	0	209
18.	Affordable Housing/Builders Program	0	0	0	0	0	0	0	0	0	0	0	0	0
19.		0	0	0	0	0	0	0	0	0	0	0	0	0
20.														
21.	TOTAL ALL PROGRAMS	31,303	15,888	14,390	13,068	12,631	11,717	32,742	25,763	12,933	19,753	25,084	15,683	230,955
22.	LESS AMOUNT INCLUDED IN RATE BASE													
23.	RECOVERABLE CONSERVATION EXPENSES	31,303	15,888	14,390	13,068	12,631	11,717	32,742	25,763	12,933	19,753	25,084	15,683	230,955

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

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FOR MONTHS January-02 THROUGH December-02

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	24,619	17,812	19,474	17,132	21,251	22,451	23,964	25,659	25,373	22,732	18,523	22,449	261,439
3. TOTAL REVENUES	24,619	17,812	19,474	17,132	21,251	22,451	23,964	25,659	25,373	22,732	18,523	22,449	261,439
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(2,351)	(2,351)	(2,351)	(2,351)	(2,351)	(2,351)	(2,351)	(2,351)	(2,351)	(2,351)	(2,351)	(2,347)	(28,208)
5. CONSERVATION REVENUE APPLICABLE	22,268	15,461	17,123	14,781	18,900	20,100	21,613	23,308	23,022	20,381	16,172	20,102	233,231
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	31,303	15,888	14,390	13,068	12,631	11,717	32,742	25,763	12,933	19,753	25,084	15,683	230,955
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	(9,035)	(427)	2,733	1,713	6,269	8,383	(11,129)	(2,455)	10,089	628	(8,912)	4,419	2,276
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(48)	(51)	(46)	(39)	(29)	(16)	(13)	(20)	(12)	0	(2)	(2)	(278)
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(28,208)	(34,940)	(33,067)	(28,029)	(24,004)	(15,413)	(4,695)	(13,486)	(13,610)	(1,182)	1,797	(4,766)	(28,208)
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,347	28,208
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	(34,940)	(33,067)	(28,029)	(24,004)	(15,413)	(4,695)	(13,486)	(13,610)	(1,182)	1,797	(4,766)	1,998	1,998

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

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

FOR MONTHS January-02 THROUGH December-02

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	(28,208)	(34,940)	(33,067)	(28,029)	(24,004)	(15,413)	(4,695)	(13,486)	(13,610)	(1,182)	1,797	(4,766)	(28,208)
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	(34,892)	(33,016)	(27,983)	(23,965)	(15,384)	(4,679)	(13,473)	(13,590)	(1,170)	1,797	(4,764)	2,000	2,276
3. TOTAL BEG AND ENDING TRUE-UP	(63,100)	(67,956)	(61,050)	(51,994)	(39,388)	(20,092)	(18,168)	(27,076)	(14,780)	615	(2,967)	(2,766)	(25,932)
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	(31,550)	(33,978)	(30,525)	(25,997)	(19,694)	(10,046)	(9,084)	(13,538)	(7,390)	308	(1,484)	(1,383)	(12,966)
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	1.78%	1.77%	1.75%	1.80%	1.75%	1.77%	1.75%	1.73%	1.71%	1.71%	1.71%	1.71%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	1.77%	1.75%	1.80%	1.75%	1.77%	1.75%	1.73%	1.71%	1.71%	1.71%	1.71%	1.71%	
7. TOTAL (LINE C-5 + C-6)	3.55%	3.52%	3.55%	3.55%	3.52%	3.52%	3.48%	3.44%	3.42%	3.42%	3.42%	3.42%	
8. AVG. INTEREST RATE (C-7 X 50%)	1.78%	1.76%	1.78%	1.78%	1.76%	1.76%	1.74%	1.72%	1.71%	1.71%	1.71%	1.71%	
9. MONTHLY AVERAGE INTEREST RATE	0.148%	0.147%	0.148%	0.148%	0.147%	0.147%	0.145%	0.143%	0.143%	0.143%	0.143%	0.143%	
10. INTEREST PROVISION (LINE C-4 X C-9)	(48)	(51)	(46)	(39)	(29)	(16)	(13)	(20)	(12)	0	(2)	(2)	(278)

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