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DIVISION OF AUDITING & SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

February 13, 2004

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COMMISSION
CLERK

Mr. John T. English, President & CEO,
Florida Public Utilities Co.
401 South Dixie Highway
West Palm Beach, FL 33402

Re: **Docket No.:** 040003-GU; **Company Name:** Florida Public Utilities Co.; **Audit Purpose:** PGA True-up for the period from January 1, 2003 - December 31, 2003
Audit Control No.: 04-043-4-2

Dear Mr. English:

The Florida Public Service Commission will conduct an audit of purchased gas cost recovery true-up for the period January 2003 through December 2003, 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. Ms. Kathy Welch, the Miami district office supervisor, will coordinate this audit. Ms. Welch can be reached at (305) 470-5600. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

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.

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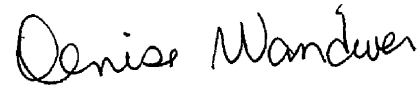
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A formal report is expected to be issued for internal Commission use on June 28, 2004. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver, Chief
Bureau of Auditing

DNV/jcp

cc: Division of Auditing and Safety (Miami District Supervisor, File Folder)
Division of the Commission Clerk and Administrative Services (2)
General Counsel
Office of Public Counsel

Mr. Christopher Snyder
Florida Public Utilities Co., Gas Division
401 South Dixie Highway
West Palm Beach, FL 33402

Messer Law Firm
Norman H. Horton, Jr., Esq.
P. O. Box 1876
Tallahassee, FL 32302-1876

Cheryl Martin
Florida Public Utilities Company
401 South Dixie Highway
West Palm Beach, FL 33401