

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: June 28, 2006
TO: Catherine Beard, Regulatory Analyst I, Division of Competitive Markets and Enforcement
FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance
RE: **Docket No:** 060003-GU; **Company Name:** Florida Public Utilities
Audit Purpose: Audit Purchased Gas Filings
Audit Control No: 06-076-4-2

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 Commission Clerk and Administrative Services. There are confidential work papers associated with this audit.

DNV:sbj
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of Commission Clerk & Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

Ms. Cheryl Martin
Florida Public Utilities Company
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West Palm Bch, FL 33402-3395

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P.O. Box 1876
Tallahassee, FL 32302-1876

DOCUMENT NUMBER-DATE

05844 JUN 29 08

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE

Miami District Office

FLORIDA PUBLIC UTILITIES
PURCHASED GAS ADJUSTMENT

LIMITED SCOPE REPORT

Twelve Months Ended December 31, 2005

Docket No. 060003-GU

Audit Control No. 06-076-4-2

A handwritten signature in cursive script, reading "Ruth K. Young".

Ruth K. Young
Audit Manager

A handwritten signature in cursive script, reading "Kathy L. Welch".

Kathy L. Welch
Public Utilities Supervisor

I. WORK PERFORMED

We performed the following work and found no differences to report.

REVENUES: We verified that the revenues contained in the Company's General Ledger are reflected on Schedule A-2.

We tested a sample of customer bills to verify that the appropriate PGA factor was charged and the mid-course correction was implemented.

EXPENSES: We verified that the expenses contained in the Company's General Ledger are reflected on Schedule A-2.

TRUE-UP: We recomputed the true-up for the period. We verified that the beginning true-up amount and interest rates as stated by the Company on the January A-2 filing agreed to the ending balance of the prior period, and that interest rates used were approved by the Florida Public Service Commission. The monthly true-up amounts, as recorded on Schedule A-2, were reconciled to the General Ledger.

We recomputed the final true up filing, Schedule A7. The amounts on A-7 were agreed to the December cumulative A-2 and to appropriate Commission orders.

II. EXHIBITS

Company Schedule A-7 for 2005
Company Schedule A-2 for December 2005

COMPANY:

FLORIDA PUBLIC
UTILITIES COMPANY

FINAL FUEL OVER/UNDER RECOVERY

SCHEDULE A-7

FOR THE PERIOD: JANUARY 2005 THROUGH DECEMBER 2005

1.	TOTAL ACTUAL FUEL COST FOR THE PERIOD	A-2, LINE 3	40,896,276
2.	FUEL REVENUES APPLICABLE TO THE PERIOD	A-2, LINE 6	37,180,401
3.	OVER/(UNDER) RECOVERY FOR THE PERIOD	LINE 2 - LINE 1	(3,715,875)
4.	INTEREST PROVISION FOR THE PERIOD	A-2, LINE 8	27,583
5.	TOTAL OVER/(UNDER) RECOVERY FOR THE PERIOD	LINE 3 + LINE 4	(3,688,292)
6.	LESS: ESTIMATED OVER/(UNDER) RECOVERY FOR THE PERIOD JANUARY 2005 THROUGH DECEMBER 2005, WHICH WAS INCLUDED IN THE CURRENT JANUARY 2006 THROUGH DECEMBER 2006 PERIOD:	E-4, LINE 4, COL. 4	(2,208,051)
7.	FINAL FUEL OVER/(UNDER) RECOVERY TO BE INCLUDED IN THE PROJECTED JANUARY 2006 THROUGH DECEMBER 2006 PERIOD	LINE 5 - LINE 6	(1,480,241)

Exhibit _____
Docket No. 060003-GU
Florida Public Utilities Company
(CM-1)

FOR THE PERIOD OF: JANUARY 2005 THROUGH DECEMBER 2005

			CURRENT MONTH: DECEMBER				PERIOD TO DATE			
			ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE	
					AMOUNT	%			AMOUNT	%
TRUE-UP CALCULATION										
1	PURCHASED GAS COST	Sch. A-1 Line 4, Estimate include Sch. A-1 Line 10	5,691,841	4,499,970	(1,191,871)	(26.49)	36,603,609	33,638,191	(2,965,418)	(8.82)
2	TRANSPORTATION COST	Sch. A-1 Lines 1, 2, 3, 5, 6	486,838	516,371	29,533	5.72	4,292,667	4,037,517	(255,150)	(6.32)
3	TOTAL		6,178,679	5,016,341	(1,162,338)	(23.17)	40,896,276	37,675,708	(3,220,568)	(8.55)
4	FUEL REVENUES (NET OF REVENUE TAX)		4,861,173	8,893,229	4,032,056	45.34	36,844,664	41,510,827	4,666,163	11.24
5	TRUE-UP - (COLLECTED) OR REFUNDED *		27,978	27,978	-	0.00	335,737	335,737	-	0.00
6	FUEL REVENUE APPLICABLE TO PERIOD	Add Lines 4 + 5	4,889,151	8,921,207	4,032,056	45.20	37,180,401	41,846,564	4,666,163	11.15
7	TRUE-UP - OVER(UNDER) - THIS PERIOD	Line 6 - Line 3	(1,289,527)	3,904,866	5,194,393	133.02	(3,715,874)	4,170,856	7,886,730	189.09
8	INTEREST PROVISION -THIS PERIOD	Line 21	(7,975)	56,371	64,346	114.15	27,583	462,153	434,570	94.03
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST		(1,590,416)	13,959,407	15,549,823	111.39	1,108,132	13,595,394	12,487,262	91.85
10	TRUE-UP COLLECTED OR (REFUNDED)	Reverse of Line 5	(27,978)	(27,978)	-	0.00	(335,737)	(335,737)	-	0.00
10a	FLEX RATE REFUND (if applicable)		-	-	-	0.00	-	-	-	0.00
11	TOTAL ESTIMATED/ACTUAL TRUE-UP	Add Lines 7 + 8 + 9 + 10 + 10a	(2,915,896)	17,892,666	20,808,562	116.30	(2,915,896)	17,892,666	20,808,562	116.30
INTEREST PROVISION										
12	BEGINNING TRUE-UP AND INTEREST	Line 9	(1,590,416)	13,959,407	15,549,823	111.39				
13	ENDING TRUE-UP BEFORE INTEREST	Add Lines 12 + 7 + 5	(2,907,921)	17,836,295	20,744,216	116.30				
14	TOTAL (12+13)	Add Lines 12 + 13	(4,498,337)	31,795,702	36,294,039	114.15				
15	AVERAGE	50% of Line 14	(2,249,169)	15,897,851	18,147,020	114.15				
16	INTEREST RATE - FIRST DAY OF MONTH		4.21%	4.21%	0	0.00				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH		4.30%	4.30%	0	0.00				
18	TOTAL	Add Lines 16 + 17	8.51%	8.51%	0	0.00				
19	AVERAGE	50% of Line 18	4.26%	4.26%	0	0.00				
20	MONTHLY AVERAGE	Line 19 / 12 mos.	0.35458%	0.35458%	0	0.00				
21	INTEREST PROVISION	Line 15 x Line 20	(7,975)	56,371	64,346	114.15				

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.

The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.

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