

State of Florida



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COMMISSION  
CLERK

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

**DATE:** December 20, 2007

**TO:** George J. Slemkewicz, Public Utilities Supervisor, Division of Economic Regulation

**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance *DN*

**RE:** **Company Name:** Florida Public Utilities Company, Electric Division;  
**Audit Purpose:** File & Suspend Rate Case;  
**Docket No:** 070304-EI; **Audit Control No:** 07-262-4-1;

Attached is revised page 5 to the staff audit report issued by memo dated December 10, 2007. I am sending the utility a copy of this memo and a copy of the revised page. 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 (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

CMP \_\_\_\_\_

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SEC \_\_\_\_\_

OTH Marguerite

Mr. John T. English  
FL Public Utilities Co. – Elec. Division  
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West Palm Beach, FL 33402-3395

Messer Law Firm  
Norman H. Horton, Jr.  
P.O. Box 15579  
Tallahassee, FL 32317

DOCUMENT NUMBER-DATE

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Long-Term-Debt

*Objective:* To determine that long-term debt balances represent actual obligations of the utility's parent and that they are properly recorded.

*Procedures:* We compared actual debt balances and interest rates to the original loan agreements.

Short-Term-Debt

*Objective:* To determine that short-term debt balances represent actual obligations of the utility's parent and that they are properly recorded.

*Procedures:* We compared actual debt balances and interest rates to the original loan agreements.

Accumulated Deferred Income Taxes

*Objective:* To determine that accumulated deferred income taxes are properly stated and calculated based on the recorded differences between utility book and taxable income.

*Procedures:* We compared actual deferred tax balances to the taxes. We reconciled the common equity components and the investment tax credit components and recalculated the investment tax credit rate.

Customer Deposits

*Objective:* To determine that customer deposit balances represent actual obligations of the utility and are properly recorded.

*Procedures:* We compared actual deposits to the utility's records.