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CONFIDENTIAL

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FPUC (Horton) - (CONFIDENTIAL) Documents provided to staff in connection with audit of petition for rate relief (Audit Control No. 07-262-4-1). [x-ref. DN 10920-07] [CLK note: Document declassified and forwarded to docket file.]

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5. Outside directors' annual retainer is established at \$16,000 (\$8,000 in cash and \$8,000 in common shares:

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Audit Committee Chairman	\$2,500 annual retainer
Compensation Committee Chairman	\$1,500 annual retainer
Other Committee Chairmen	\$1,000 annual retainer
Committee Member Attendance	\$1,000 per meeting
Board Attendance	\$1,000 per meeting

6. Approved the Automatic Rollover Amendment, which is intended to comply with the requirements of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986.

March 7, 2006

1. Issuing an unqualified opinion w/no exceptions as a result of their audit for year ended 12/31/05.
2. A presentation of the Sarbanes-Oxley 404 regulatory update and the company compliance w/SOX 404 accounting standards.
3. Compensation Committee Meeting to update employment agreement.

April 7, 2006

1. A dividend of \$1 1875/share and the outstanding 4-3/4% Cummulative Preferred Stock.
2. A dividend of \$0.1033/share on the outstanding common stock payable 4/1/2006.
3. The recommendations of the Compensation Committee involving 2005 incentive compensation for certain officers of the Company, total \$83,929 effective 3/1/2006.
4. Allow the president or any other officer to authorize negotiations w/any underwriter for the a public offering up to \$15,000,000 net proceeds of common stock, \$1.50 Par Value.

July 24, 2006

Goldberg and Bessemer, a private equity firm, was interested in purchasing FPUC, but the company's intention was to remain independent.

August 10, 2006

The Company management had been asked to analyze equity offering and cash forecasting and that it was in the process so doing. Mr. Bachman explained that

DOCUMENT NUMBER DATE

00148 JAN-78

FPSC-COMMISSION CLERK

forecasting was distinctly linked to environment remediation and that that Company was awaiting guidance from its environmental attorney concerning timing. The company also completed a study of vehicular lease versus purchase and had concluded that purchase had marked economic advantages.

Due to a "non-accelerated filer" in 2006, the internal audit plan had been modified from 800 hours to 750 hours and the focus of the audit has been reallocated.

August 22, 2006

To declare a dividend on outstanding common stock \$0.1075 per share.

November 10, 2006

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1. Dale Bushman, external auditor, presented the quarterly review for period ending 9/2006. The external auditor's recommendations included the thorough examination of the company's receivables and the need to establish a vacation accrual process for recording on a quarterly basis, rather than annually.

1 The company had a theft by a cashier who absconded \$13,000. The theft was uncovered
2 through cash controls. As the result of this occurrence, current controls will be further
3 strengthened so such activity can be exposed even sooner. Secondly, Mr. Bachman
4 reported that Crowe-Chizek, while performing a routine audit, was advised of an
5 impropriety which revealed procedures were not being followed with regard to
6 employee installation costs and commissions paid to Marketing personnel. Mr. Bachman
7 then stated that two issues were reported to the Whistleblower hotline, which could have
8 potentially resulted in significant risk to the Company, and which currently are being
9 investigated.

10 Mr. Stromello of Crowe-Chizek, FPUC internal auditor, stated that a Company employee
11 had approached the internal auditor to report fraudulent activity concerning commissions
12 paid to Marketing personnel and that such allegation was brought to the CFO for
13 management's investigation. Crowe did not perform any examination concerning the
14 accusation. New purchasing card process, which will result in Crowe-Chizek's review
15 to ensure correct controls are in place, will expand the scope of Crowe's involvement
16 somewhat.

December 5, 2006

1. Declared \$0.1075 dividend per share for outstanding common stock.
2. Annual salary range adjustment for 2007 for all employees except officers, shall be 3.5%.
3. Annual merit for 2007 for all eligible non-union employees except officers, shall be 2%.

A

dits

KW
9/13/07

Title: Internal Audits

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Merchandise Sales & Customer Credit - Nov. 2006
to understand cause of merchandise write offs,
evaluate internal control, assess accuracy
of business processes, verify compliance w/policy
& procedures, & develop action plans

Findings - procedures that require the review of
customer credit worthiness have not been formally
established. Could result in extending credit
to customers not credit worthy.

Procedures to assess credit worthiness are
different in each division.

Collection procedures & the proper documentation
of collection efforts are not performed consistently
- not generating aging reports.
- aged over 90 days should be sent
to outside collection. If not - must have
note why
- need procedure when to write off aged
receivables
- review commission procedure so salesmen
don't get commission on sales
not collected

40% of accts written off were never sent to
collection

IT General Controls - Dec. 31, 2006 - assess design &
~~effectiveness~~ effectiveness of IT controls to comply
with Sarbanes Oxley.

Did risk assessment at a high level
Then assisted in developing & implementing IT
Policies & Procedures

Procedures don't reflect current policies
Help desk hasn't tracked problems
Need approval for all changes put into production
Review all batch jobs on a manual basis or
when there is a change in schedule. Document
overrides w/help desk trouble ticket

Source: Request 2

9-2

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Review trouble tickets weekly & have System Administrator review database reports monthly

Managers should create a "Monthly Security Report"

HR needs to create a termination report be monthly & submit to IT System administrator

Mgmt Should change password parameters to change

Mgmt. needs to determine if 2 user IDs are feasible for System admin. If so security person should monitor

Update IT Policies to define a standard Change Control process. Retain support for changes

Conduct a review of user access controls

Need job desc. for IT emp.

Profile + templates developed that map to job functions

Identify Systems & Applications that will be monitored
Identify logs to monitor, keep 1 yr.

Notify help desk of all incidents so they go on the log

Track all Batch Processing or Backup errors attempted

Change Combination lock in Computer room

Have all employees sign Computer Use Policy yearly

Conduct & document a biannual assessment of the network

Implement a Monthly Local Security Report

Have 3rd party controls documented in IT Policies

9-2pe

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Propane Division October 2006 - Reviewed operational efficiency.

Internal Controls over Financial Reporting Dec 2006 -

For each Internal Control identified as a key control + tested operating effectiveness
Tested 2005 findings to see if corrected.
Mapped control objectives to external auditor

Findings:

Need to evaluate procedures for review & approval of critical documents such as J.E.'s

Develop a checklist to review items on a monthly basis

Implement a whistleblower program & log calls

Get external Credit Rating

Mgmt. should review all critical spreadsheets

Review new hire checklist & make sure code of ethics is a critical document

Perform a review of recurring payments & get CEO or CFO to sign if over \$2,500

Develop tracking of individuals w/ disciplinary action within the last calendar year

Review key controls & document any modification of or implementation to the business process

Internal Controls over Fin Reporting Dec 2005
per 2006 audit - corrected

9-2p3