

State of Florida



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Public Service Commission

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

DATE: April 27, 2009
TO: Kaley Giles, Regulatory Analyst II, Division of Economic Regulation
FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance *DNV*
RE: Docket No: 090001-EI; Company Name: Florida Public Utilities Company;
Audit Purpose: Fuel Cost Recovery Clause; Company Code: EI803;
Audit Control No: 09-041-4-5;

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 a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

DNV/tbm

Attachment: Audit Report

CC: Division of Regulatory Compliance (Salak, Mailhot, Harvey,
District Offices, File Folder)
Office of Commission Clerk (2)
General Counsel
Office of Public Counsel

Mr. Curtis D. Young
Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, FL 33402-3395

Mr. Norman H. Horton, Jr.
Messer Law Firm
Post Office Box 15579
Tallahassee, FL 32317

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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE
BUREAU OF AUDITING*

Miami District Office

**Florida Public Utilities Company
Fuel Adjustment**

Twelve Months Ended December 31, 2008

**DOCKET No. 090001-EI
AUDIT CONTROL NO. 09-041-4-5**

A handwritten signature in cursive script, appearing to read "Kathy L. Welch", written over a horizontal line.

*Kathy L. Welch
Audit Manager*

A handwritten signature in cursive script, appearing to read "Iliana Piedra", written over a horizontal line.

*Iliana Piedra
Accounting Specialist
Audit Reviewer*

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**DIVISION OF REGULATORY COMPLIANCE
AUDITOR'S REPORT**

April 22, 2009

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

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules prepared by Florida Public Utilities Company in support of its filing for the fuel adjustment clause.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed upon procedures and the report is intended only for internal Commission use.

OBJECTIVES AND PROCEDURES:

Objective: To verify that the filing amounts agree with the general ledger.

Procedure: We scheduled all increases to the general ledger and reconciled them to the filing.

Objective: To determine if fuel revenue and kilowatt hours (KWH) sold as filed agree with the company books and are accurately recorded.

Procedure: We obtained the revenue reports for the kilowatt hours sold by rate class for two months. We recalculated the revenue by applying the Commission authorized fuel adjustment factor to the KWH sold from the revenue reports. We selected customer bills from each rate class at random and recalculated them. An error was found in an outdoor lighting bill but it was immaterial and company is adjusting the customer bill in 2009. The recalculation was reviewed.

Objective: To determine that the amounts recorded as cost of fuel agree with the supplier invoices and that the costs are in accordance with fuel and transportation contracts.

Procedure: We traced the cost of fuel amounts to invoices and to the contracts. We reviewed the material "other cost" invoices to make sure they were in accordance with prior orders.

Objective: To determine if the prior year's adjustments were included on the company books and in the fuel filing.

Procedures: We read the prior audit report and PSC Orders. There were no adjustments in the last audit.

Objective: To determine if the true-up calculation and interest provision as filed was properly calculated using the FPSC approved interest rates.

Procedure: We recalculated the true-up using the Wall Street Journal interest rates and agreed the beginning balance to the prior ending balance.

COMPANY EXHIBITS

