

State of Florida



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# Public Service Commission

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**DATE:** April 27, 2009  
**TO:** Devlin Higgins, Regulatory Analyst II, Division of Economic Regulation  
**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance *DW*  
**RE:** Docket No: 090002-EG; Company Name: Florida Public Utilities Company;  
Audit Purpose: Energy Conservation Cost Recovery; Company Code: EI803;  
Audit Control No: 09-028-4-2;

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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. Marc S. Seagrave  
Florida Public Utilities Company  
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West Palm Beach, FL 33402-3395

Mr. Norman H. Horton, Jr.  
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**FLORIDA PUBLIC SERVICE COMMISSION**

***DIVISION OF REGULATORY COMPLIANCE  
BUREAU OF AUDITING***


***Miami District Office***

**Florida Public Utilities Company  
Electric Energy Conservation Clause Audit**

**Twelve Months Ended December 31, 2008**

**DOCKET NO. 090002-EG  
AUDIT CONTROL NO. 09-028-4-2**

  
\_\_\_\_\_  
**Kathy L. Welch**  
**Audit Manager**

  
\_\_\_\_\_  
**Iliana Piedra**  
**Accounting Specialist**  
**Audit Reviewer**

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DIVISION OF REGULATORY COMPLIANCE  
AUDITOR'S REPORT

April 15, 2009

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**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 electric conservation docket 090002-EG.

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.

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## **OBJECTIVES AND PROCEDURES:**

**Objective:** The objective of the audit was to reconcile the schedules to the general ledger.

**Procedures:** We prepared a trial balance using the general ledger and reconciled all conservation accounts to the filing.

**Objective:** The objective of the audit was to verify that the true-up was calculated correctly.

**Procedures:** We agreed the beginning true-up provision to the last order and workpapers. We prepared a recalculation using the filing and Commission approved interest rates.

**Objective:** The objective of the audit was to determine that the company has applied the approved conservation cost recovery factors to actual kilowatt sales and properly calculated revenues.

**Procedures:** We determined that the conservation rate in the last order times the kilowatts sold equaled the conservation revenue in the filing. We then verified that some bills selected at random used the ordered rates.

**Objective:** The objective of the audit was to determine that the actual energy conservation program expenses filed by the company agree with source documentation and meet the requirements of the programs.

**Procedures:** We reconciled the filing to the general ledger detail. We selected a random sample of vouchers recorded in the general ledger and traced them to source documentation. We verified that the incentives paid by the voucher met the program guidelines.

We reviewed the payroll to determine that employees' hours charged to conservation agreed to job descriptions. We reviewed the overhead rate for consistency with the last audit.

## EXHIBITS

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
SUMMARY OF EXPENSES BY PROGRAM BY MONTH

FOR MONTHS January-08 THROUGH December-08

A. CONSERVATION EXPENSE  
BY PROGRAM

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.													0
2.													0
3.													0
4.													0
5.													0
6.													0
7.													0
8.													0
9.													0
10. Common	14,804	20,579	18,706	32,553	33,491	11,996	16,514	19,386	25,460	38,095	13,049	25,992	270,625
11. Residential Geothermal Heat Pump	0	0	0	0	0	238	0	0	0	0	0	0	238
12. GoodCents Home/Energy Star Program	1,961	251	730	2,442	1,046	1,953	0	776	1,687	1,128	0	0	11,974
13. GoodCents Energy Survey Program	4,209	8,324	10,502	8,901	12,804	16,578	11,153	12,726	21,223	15,248	6,037	7,761	135,466
14. GoodCents Loan Program	(10)	0	0	(10)	(10)	(10)	(10)	0	0	(20)	(10)	0	(80)
15. GoodCents Commercial Building Program	3,867	2,226	(196)	652	2,040	0	0	102	2,429	431	654	447	12,652
16. GoodCents Commercial Tech. Assist. Program	0	0	0	1,183	7,059	16,764	7,342	3,923	5,143	2,197	(2,146)	177	41,642
17. Low Income	0	0	0	0	0	0	0	0	0	0	0	0	0
18. Affordable Housing Builders & Providers Program	0	0	0	0	0	0	0	0	0	0	0	0	0
19. Residential Heat and Cool Eff. Upgrade Program	1,855	731	805	3,065	2,417	3,528	4,360	3,750	819	3,894	1,973	2,378	29,575
20. Residential Ceiling Insulation Upgrade Program	266	333	92	621	1,560	616	943	302	579	778	378	179	6,647
21. Comm. Indoor Eff. Light. Rebate Program	2,062	2,062	8,990	16,161	(7,632)	(101)	(3,219)	1,223	(601)	664	283	342	20,234
22. Educ./Conserv. Demo. And Devel. Program	0	0	437	1,131	501	393	3,001	(401)	39	319	(43)	0	5,377
													0
21. TOTAL ALL PROGRAMS	29,014	34,506	40,066	66,699	53,276	51,955	40,084	41,787	56,778	62,734	20,175	37,276	534,350
22. LESS AMOUNT INCLUDED IN RATE BASE													
23. RECOVERABLE CONSERVATION EXPENSES	29,014	34,506	40,066	66,699	53,276	51,955	40,084	41,787	56,778	62,734	20,175	37,276	534,350

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-08 THROUGH December-08

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	(40,318)	(38,288)	(37,201)	(33,145)	(36,959)	(46,580)	(51,901)	(47,966)	(45,082)	(40,476)	(34,538)	(39,397)	(491,851)
3. TOTAL REVENUES	(40,318)	(38,288)	(37,201)	(33,145)	(36,959)	(46,580)	(51,901)	(47,966)	(45,082)	(40,476)	(34,538)	(39,397)	(491,851)
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,314)	(15,746)
5. CONSERVATION REVENUE APPLICABLE	(41,630)	(39,600)	(38,513)	(34,457)	(38,271)	(47,892)	(53,213)	(49,278)	(46,394)	(41,788)	(35,850)	(40,711)	(507,597)
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	29,014	34,506	40,066	66,699	53,276	51,955	40,084	41,787	56,778	62,734	20,175	37,276	534,350
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	(12,616)	(5,094)	1,553	32,242	15,005	4,063	(13,129)	(7,491)	10,384	20,946	(15,675)	(3,435)	26,753
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(76)	(80)	(75)	(36)	25	58	43	26	46	105	77	24	137
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(15,746)	(27,126)	(30,988)	(28,198)	5,320	21,662	27,095	15,321	9,168	20,910	43,273	28,987	(15,746)
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,314	15,746
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	(27,126)	(30,988)	(28,198)	5,320	21,662	27,095	15,321	9,168	20,910	43,273	28,987	26,890	26,890



CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-08 THROUGH December-08

C.	INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	BEGINNING TRUE-UP (LINE B-9)	(15,746)	(27,126)	(30,988)	(28,198)	5,320	21,662	27,095	15,321	9,168	20,910	43,273	28,987	(15,746)
2.	ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	(27,050)	(30,908)	(28,123)	5,356	21,637	27,037	15,278	9,142	20,864	43,168	28,910	26,866	26,753
3.	TOTAL BEG. AND ENDING TRUE-UP	(42,796)	(58,034)	(59,111)	(22,842)	26,957	48,699	42,373	24,463	30,032	64,078	72,183	55,853	11,007
4.	AVERAGE TRUE-UP (LINE C-3 X 50%)	(21,398)	(29,017)	(29,556)	(11,421)	13,479	24,350	21,187	12,232	15,016	32,039	36,092	27,927	5,504
5.	INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	4.98%	3.08%	3.09%	2.63%	2.84%	2.43%	2.45%	2.44%	2.45%	4.95%	2.95%	1.49%	
6.	INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	3.08%	3.09%	2.63%	2.84%	2.43%	2.45%	2.44%	2.45%	4.95%	2.95%	1.49%	0.54%	
7.	TOTAL (LINE C-5 + C-6)	8.06%	6.17%	5.72%	5.47%	5.27%	4.88%	4.89%	4.89%	7.40%	7.90%	4.44%	2.03%	
8.	AVG. INTEREST RATE (C-7 X 50%)	4.03%	3.09%	2.86%	2.74%	2.64%	2.44%	2.45%	2.45%	3.70%	3.95%	2.22%	1.02%	
9.	MONTHLY AVERAGE INTEREST RATE	0.336%	0.257%	0.238%	0.228%	0.220%	0.203%	0.204%	0.204%	0.308%	0.329%	0.185%	0.085%	
10.	INTEREST PROVISION (LINE C-4 X C-9)	(76)	(80)	(75)	(36)	25	58	43	26	46	105	77	24	137