

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 30, 2010

**TO:** Office of Commission Clerk (Cole)

**FROM:** Office of Auditing and Performance Analysis (Prestwood) *DMCP*  
Office of the General Counsel (Jaeger) *JA*

**RE:** Docket No. 100289-PU – Request for authorization to maintain accounting records outside of the State of Florida, pursuant to Rules 25-6.015(1) and 25-7.015(1), F.A.C., by Florida Public Utilities Company.

**AGENDA:** 07/13/10 – Regular Agenda –Proposed Agency Action - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** None *Administrative - ac*

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\APA\WP\100289.RCM.DOC

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### Case Background

On May 13, 2010, pursuant to Rules 25-6.015(1) and 25-7.015(1), Florida Administrative Code (F.A.C.), Florida Public Utilities Company (FPUC or Company) filed a request that the Commission authorize the Company to maintain certain accounting records at the Company's corporate offices in Dover, Delaware, rather than at the Company's Florida offices.

The Company is engaged in business as a public utility providing distribution of electricity and transportation and distribution of gas as defined in Section 366.02, Florida Statutes (F.S.). The Commission has jurisdiction pursuant to Sections 366.04 and 366.05, F.S.

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### **Discussion of Issues**

**Issue 1:** Pursuant to Rules 25-6.015(1) and 25-7.015(1), F.A.C., should the Commission authorize FPUC to keep certain accounting records out-of-state?

**Recommendation:** Yes, the Commission should approve FPUC's request to keep certain records out-of-state. (Prestwood)

**Staff Analysis:** Rules 25-6.015(1) and 25-7.015(1), F.A.C., address the "Location and Preservation of Records" of electric and gas utilities respectively. Rules 25-6.015(1) and 25-7.015(1), F.A.C. require that all records that a utility is required to keep, by reason of these or other rules prescribed by the Commission, at the office or offices of the utility within the state, unless otherwise authorized by the Commission. In the filing for this docket, FPUC states that:

FPUC has recently become a corporate subsidiary of Chesapeake Utilities Corporation. As a result of this transaction, certain accounting functions will be centralized at corporate headquarters in order to reduce internal accounting and auditing costs and to facilitate compliance with Sarbanes-Oxley regulations.

Specifically, FPUC intends to retain existing records at its offices in Florida located in West Palm Beach, as well as any future accounting records generated by FPUC personnel and related specifically to FPUC operations. However, going forward, any documents generated by personnel in the Company's new corporate headquarters in Dover, Delaware will be retained at the Dover location, as well as any Journal entries or Accounts payable allocated to FPUC from Corporate or prepared by corporate personnel.

The Company explained in its filing that the information contained in the Company's accounting records will be accessible via computer at FPUC's West Palm Beach location.

Section 366.05(11), F.S., states that the "commission has the authority to assess a public utility for reasonable travel costs associated with reviewing the records of the public utility and its affiliates when such records are kept out of state." Rule 25-7.015(2), F.A.C., further defines reasonable travel expenses as "those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business." Rule 25-7.015(2)(a), F.A.C., also states that the "utility shall remit reimbursement for out-of-state travel expenses within 30 days from the date the Commission mails the invoice." The Company states that it:

understands and will comply with the requirements of Rules 25-6.015(2) and 25-7.015(2), F.A.C., regarding reimbursement of travel expenses associated with Commission staff travel to review Company records located outside of Florida.

Therefore, staff recommends that the Commission authorize FPUC to keep certain records out-of-state. Staff agrees that the centralization of the records should result in improved efficiency and cost savings. Because the Commission rule requires the utility to reimburse the

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Commission for reasonable travel costs associated with reviewing the records kept out of state, the Commission should not be substantially affected by this change.

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**Issue 2:** Should this docket be closed?

**Recommendation:** Yes, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Jaeger)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.