

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:** August 31, 2015  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 140166-GU  
Company Name: Florida Public Utilities Company  
Company Code: GU603  
Audit Purpose: Gas Reliability Infrastructure Program True-Up  
Audit Control No: 15-050-4-1

---

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 Commission Clerk. There is no confidential work papers associated with this audit.

LMD/cp

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

State of Florida



**Public Service Commission**

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Miami District Office

**Auditor's Report**

Florida Public Utilities Company  
Gas Reliability Infrastructure Program True-Up

**Twelve Months Ended December 31, 2013**

Docket No. 140166-GU  
Audit Control No. 15-050-4-1  
**August 26, 2015**

Handwritten signature of Bety Maitre in blue ink.

---

Bety Maitre  
Audit Manager

Handwritten signature of Gabriela M. Leon in blue ink.

---

Gabriela M. Leon  
Audit Staff

Handwritten signature of Jeffery A. Small in blue ink.

---

Jeffery A. Small  
Reviewer

## Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
<b>Audit Findings</b>	
1: 2012 Unrelated GRIP Project Costs .....	5
2: 2013 Construction Work in Progress Costs.....	7
<b>Exhibits</b>	
1: Revised True-Up filed 06/10/2015 .....	9

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economics in its audit service request dated February 18, 2015. We have applied these procedures to the attached revised schedule prepared by Florida Public Utilities Company filed in Docket No. 140166-GU.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility or FPUC refers to Florida Public Utilities Company.

GRIP refers to Gas Reliability Infrastructure Program.

Schedule B-2 refers to Final True-Up for the period January 1, 2013 through December 31, 2013

#### Additional Information

Order No. PSC-12-0490-TRF-GU, issued September 12, 2012, approved FPUC's GRIP plan. The GRIP is a 10-year recovery plan for the Utility's accelerated replacement of cast iron and bare steel distribution mains and services through a surcharge on customers' bills beginning August 14, 2012.

The Utility's initial bare steel replacement plan was approved in Order No. PSC-04-1110-PAA-GU, issued November 8, 2004, in Docket No. 040216-GU. The program was modified by Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. 080366-GU to include steel tubing. As a result of these two dockets, there is an annual expense of \$747,727 embedded in base rates. This annual expense recovered in base rates is deducted from the GRIP revenue requirement.

Schedule B-2 was filed with the testimony of Cheryl M. Martin (CMM-1), on page 3 of 10, in Docket No. 140166-GU, on August 28, 2014, by FPUC. In the same docket, on June 10, 2015, the Utility filed a revised Schedule B-2 that includes corrections to (1) GRIP plant originally excluded, (2) Compute property tax on the basis of average net plant, and (3) Exclude estimated depreciation savings from the true-up calculation. Our objectives and procedures apply to the revised schedule. Corrections to the Utility's general ledger were made in 2014 and are reflected on the revised Schedule B-2 filing.

### **Qualified Capital Investments**

#### Utility Plant in Service

**Objective:** The objective was to verify all GRIP project-related plant additions reflected on revised Schedule B-2 for the period August 14, 2012, through December 31, 2013.

**Procedures:** We reconciled the monthly balances for Plant in Service (PIS) reflected on revised Schedule B-2 to the Utility's general ledger, as of December 31, 2013. We reviewed and recalculated PIS adjustments for project costs incurred prior to the start of GRIP. Findings 1 and 2 discuss our recommended adjustment to PIS, as of December 31, 2013.

### Construction Work in Progress

**Objective:** The objective was to verify all GRIP capital project additions reflected on revised Schedule B-2 for the period of August 14, 2012 through December 31, 2013.

**Procedures:** We reconciled the monthly balances for Construction Work in Progress (CWIP) reflected on revised Schedule B-2 to the Utility's general ledger as of December 31, 2013. We selected a sample of CWIP additions to the capital projects for the period August 14, 2012 through December 31, 2013. We traced these additions to supporting documentation and verified that they were recorded to the correct project and account. Finding 2 discusses our recommended adjustment to CWIP, as of December 31, 2013.

### Accumulated Depreciation

**Objectives:** The objectives were to (1) Determine whether the Accumulated Depreciation reflected on revised Schedule B-2 was calculated using the depreciation rates established in Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, in Docket No. 120036-GU and (2) Recalculate the Accumulated Depreciation balance, as of December 31, 2013.

**Procedures:** We reconciled the monthly balances for Accumulated Depreciation reflected on revised Schedule B-2 to the Utility's general ledger as of December 31, 2013. We recalculated the revised filing's Accumulated Depreciation balance, as of December 31, 2013, and verified the use of correct depreciation rates. Findings 1 and 2 discuss our recommended adjustment to accumulated depreciation, as of December 31, 2013.

### **Recovery**

**Objectives:** The objectives were to determine whether the (1) Collected surcharges are properly stated on revised Schedule B-2 for the period January 1, 2013 through December 31, 2013, (2) Utility applied the Commission approved factors to actual therm sales, and (3) Utility reduced revenue requirements by the amount embedded in base rates.

**Procedures:** We traced the monthly surcharges reflected on revised Schedule B-2 to the monthly revenue reports and the Utility's general ledger for the year ended December 31, 2013. We computed the factors by rate code and traced them to the Utility's tariff. We selected and recalculated a sample of residential and commercial customers' bills for the month of September 2013 to verify that the approved tariff rate was used in billing. We traced the bare steel replacement project amount embedded in base rates for the prior Bare Steel Replacement program to Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, in Docket No. 120036-GU. No exceptions were noted.

## **Investment Expenses**

### Customer and General Public Notice Expenses

**Objectives:** The objectives were to verify that expenses listed on revised Schedule B-2 were supported by adequate documentation and that the expenses are appropriately recoverable through the GRIP.

**Procedures:** We traced the monthly balances for customer and general public notification expenses reflected on revised Schedule B-2 to the general ledger. We selected all of the notification expenses for testing and traced them to the source documentation to ensure that the expense was related to the GRIP and charged to the correct accounts. No exceptions were noted.

### Depreciation Expense

**Objective:** The objective was to verify that the depreciation rates approved in Order No. PSC-12-0490-TRF-GU was used to calculate Depreciation Expense.

**Procedures:** We reconciled the monthly balances for Depreciation Expense reflected on revised Schedule B-2 to the general ledger for the year ended December 31, 2013. We recalculated Depreciation Expense for the year and verified depreciation rates. Findings 1 and 2 discuss our recommended adjustment to depreciation expense, as of December 31, 2013.

### Property Tax Expense

**Objective:** The objective was to determine if the Property Tax Expense included on revised Schedule B-2 are properly calculated.

**Procedures:** We determined the Natural Gas Division's assessed taxable property as a percentage of FPUC's total taxable property for year ended 2013. We recalculated property tax for GRIP and agreed the amount to the revised filing. Findings 1 and 2 discuss our recommended adjustment to property tax expense, as of December 31, 2013.

## **True-Up**

**Objective:** The objective was to determine if the True-Up and Interest Provision on revised Schedule B-2 was properly calculated.

**Procedures:** We recalculated the monthly True-Up and Interest Provision amounts through December 31, 2013, using the revised January 1, 2013 beginning balance, the Financial Commercial Paper rates, and the 2013 GRIP revenues and expenses/costs. No exceptions were noted.

## Audit Findings

### **Finding 1: 2012 Unrelated GRIP Project Costs**

**Audit Analysis:** The GRIP project includes \$37,030 for unlicensed Railways Right of Way Utility Crossing recorded in October 2012. The Utility did not have the unlicensed natural gas pipe line crossing included in the prior agreement with Florida East Coast Railway. The amount includes back billed fees of \$26,450 for 2.5 years. This matter is unrelated to the GRIP project since it pertains to pipes that were installed prior to the GRIP program.

Our adjustments to the revised Schedule B-2, as of December 31, 2013, include decreases to PIS of \$37,030, accumulated depreciation and depreciation expense of \$386, and property tax expense of \$741. On the next page, we calculate the effect of our adjustments on the over recovery true-up to be an increase of \$6,042.

**Effect on the General Ledger:** To be determined by the Utility.

**Effect on the Filing:** The final True-Up over recovery should be increased by \$6,042.



### FPUC GRIP Adjustment for Unrelated Capitalized Expense

Description	Rates	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
<b>CWIP Activity</b>																	
Additions		\$ (37,030)															
Transfer to Plant											\$ 37,030						
<b>Account Balances</b>																	
CWIP - Mains		\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Plant - Mains		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	
<b>Total</b>		<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	
Less Accum. Dep.		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77	\$ 154	\$ 231	\$ 309	\$ 386	
Net Investments		\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (37,030)	\$ (36,953)	\$ (36,876)	\$ (36,799)	\$ (36,721)	\$ (36,644)	
<b>Average Investments</b>		<b>\$ (18,515)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (37,030)</b>	<b>\$ (36,991)</b>	<b>\$ (36,914)</b>	<b>\$ (36,837)</b>	<b>\$ (36,760)</b>	<b>\$ (36,683)</b>	
Equity	8.70%	\$ (134)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	\$ (267)	\$ (267)	\$ (266)	
Debt	2.30%	\$ (35)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (71)	\$ (70)	\$ (70)	
<b>Total Return</b>		<b>\$ (170)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (338)</b>	<b>\$ (338)</b>	<b>\$ (337)</b>	<b>\$ (336)</b>	<b>\$ (4,913)</b>
<b>Investment Expenses</b>																	
Dep. Exp. - Mains	2.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77)	\$ (77)	\$ (77)	\$ (77)	\$ (77)	\$ (386)
Property Taxes	2.00%				\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (62)	\$ (741)
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (62)</b>	<b>\$ (62)</b>	<b>\$ (62)</b>	<b>\$ (62)</b>	<b>\$ (62)</b>	<b>\$ (62)</b>	<b>\$ (62)</b>	<b>\$ (139)</b>	<b>\$ (139)</b>	<b>\$ (139)</b>	<b>\$ (139)</b>	<b>\$ (139)</b>	<b>\$ (1,126)</b>
<b>Total Revenue Req.</b>		<b>\$ (170)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (478)</b>	<b>\$ (477)</b>	<b>\$ (477)</b>	<b>\$ (476)</b>	<b>\$ (475)</b>	<b>\$ (6,039)</b>
<b>Interest Rates</b>																	
Beginning		0.120%	0.150%	0.130%	0.100%	0.150%	0.140%	0.090%	0.090%	0.050%	0.080%	0.050%	0.050%	0.030%	0.060%	0.050%	
Ending		0.140%	0.160%	0.050%	0.150%	0.140%	0.090%	0.090%	0.050%	0.080%	0.050%	0.050%	0.030%	0.060%	0.050%	0.030%	
Total		0.260%	0.310%	0.180%	0.250%	0.290%	0.230%	0.180%	0.140%	0.130%	0.130%	0.100%	0.080%	0.090%	0.110%	0.080%	
Average		0.130%	0.155%	0.090%	0.125%	0.145%	0.115%	0.090%	0.070%	0.065%	0.065%	0.050%	0.040%	0.045%	0.055%	0.040%	
<b>Average Interest Rates</b>		<b>0.011%</b>	<b>0.013%</b>	<b>0.008%</b>	<b>0.010%</b>	<b>0.012%</b>	<b>0.010%</b>	<b>0.008%</b>	<b>0.006%</b>	<b>0.005%</b>	<b>0.005%</b>	<b>0.004%</b>	<b>0.003%</b>	<b>0.004%</b>	<b>0.005%</b>	<b>0.003%</b>	
<b>True-Up</b>																	
Beg. Of Month True-Up		\$ -	\$ (170)	\$ (509)	\$ (849)	\$ (1,250)	\$ (1,651)	\$ (2,053)	\$ (2,454)	\$ (2,855)	\$ (3,257)	\$ (3,658)	\$ (4,136)	\$ (4,613)	\$ (5,090)	\$ (5,566)	
End of Month (Before Interest)		\$ (170)	\$ (509)	\$ (849)	\$ (1,250)	\$ (1,651)	\$ (2,052)	\$ (2,454)	\$ (2,855)	\$ (3,256)	\$ (3,658)	\$ (4,136)	\$ (4,613)	\$ (5,090)	\$ (5,566)	\$ (6,041)	
<b>Average True-Up</b>		<b>\$ (85)</b>	<b>\$ (339)</b>	<b>\$ (679)</b>	<b>\$ (1,049)</b>	<b>\$ (1,451)</b>	<b>\$ (1,852)</b>	<b>\$ (2,253)</b>	<b>\$ (2,655)</b>	<b>\$ (3,056)</b>	<b>\$ (3,457)</b>	<b>\$ (3,897)</b>	<b>\$ (4,375)</b>	<b>\$ (4,852)</b>	<b>\$ (5,328)</b>	<b>\$ (5,804)</b>	
Interest Exp (Income)		\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	
<b>Ending (Over)/Under Recovery</b>		<b>\$ (170)</b>	<b>\$ (339)</b>	<b>\$ (339)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (401)</b>	<b>\$ (478)</b>	<b>\$ (477)</b>	<b>\$ (477)</b>	<b>\$ (476)</b>	<b>\$ (475)</b>	<b>\$ (6,042)</b>

## **Finding 2: 2013 Construction Work in Progress Costs**

**Audit Analysis:** During the testing of 2013 Construction Work in Progress GRIP costs, we found the following:

- 1) Two accrual entries in the amount of \$19,000 and \$18,709 were recorded in the month of December 2013 for GRIP related project cost from Gas Systems Technology, one of the contractors. The Utility reversed both accruals in January 2014 and recoded the invoice for \$18,709. This leaves the filing overstated by \$19,000 at the end of December 31, 2013, which we adjusted on the schedule that follows.
- 2) Two invoices containing charges for service line installation were classified as Mains in November 2013 and December 2013. The GRIP service installation charges on the two InfraSource Construction Services invoices are \$9,088 and \$5,246. These two invoices should be classified as Services. Our adjustment that follows, reclassified the balance between PIS accounts and increases accumulated depreciation and depreciation expenses by \$7.
- 3) Two out-of-period GRIP related invoices for the installation of services and of mains in the amount of \$834 and \$14,000, respectively.
  - a. The service installation work for \$834 by Dunkelberger Engineering & Testing, Inc. was invoiced August 2012 but recorded in February 2013. This invoice should have been recorded August 2012 and transferred to PIS January 2013. Per company's procedures, 50 percent of August 2012 balance or \$417 should have been removed from GRIP. This adjustment decreases PIS by \$417 and accumulated depreciation and depreciation expenses by \$11.
  - b. The installation of mains by Hamlet Construction, Inc. for \$14,000 was invoiced October 2012 but was recorded March 2013. This invoice should have been recorded in October 2012 and transferred to PIS December 2012. Our adjustment increases accumulated depreciation and depreciation expense by \$88.

Collectively, the out-of-period adjustments increase property taxes by \$288.

Our adjustments to the revised Schedule B-2, as of December 31, 2013, include decreases to CWIP of \$19,000 and PIS of \$417 and increases property taxes by \$288. All together, these adjustments increases accumulated depreciation and depreciation expense by \$84. On the next page, we calculate the effect of our adjustments on the over recovery true-up to be a decrease of \$1,030.

**Effect on the General Ledger:** To be determined by the Utility.

**Effect on the Filing:** The final True-Up over recovery should be decreased by \$1,030.

## FPUC GRIP Adjustments to 2013 Capitalized Expenses

Description	Rates	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total	
<b>CWIP Activity</b>																				
Additions - Mains			\$ 14,000						\$ (14,000)									\$ (9,088)	\$ (24,246)	
Transfer to Plant - Mains						\$ (14,000)			\$ 14,000									\$ 9,088	\$ 5,246	
Additions - Services		\$ 417						\$ (834)										\$ 9,088	\$ 5,246	
Transfer to Plant - Services							\$ (417)	\$ 834										\$ (9,088)	\$ (5,246)	
<b>Account Balances</b>																				
CWIP - Mains		\$ -	\$ 14,000	\$ 14,000	\$ 14,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,000)	
Plant - Mains		\$ -	\$ -	\$ -	\$ -	\$ 14,000	\$ 14,000	\$ 14,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,088)	\$ (14,334)
CWIP - Services		\$ 417	\$ 417	\$ 417	\$ 417	\$ 417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Plant - Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 417	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ (417)	\$ 8,671	\$ 13,917
<b>Total</b>		<b>\$ 417</b>	<b>\$ 14,417</b>	<b>\$ 14,417</b>	<b>\$ 14,417</b>	<b>\$ 14,417</b>	<b>\$ 14,417</b>	<b>\$ 13,583</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (417)</b>	<b>\$ (19,417)</b>	
Loss Accum. Dep.		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29)	\$ (60)	\$ (88)	\$ (86)	\$ (85)	\$ (84)	\$ (83)	\$ (82)	\$ (80)	\$ (79)	\$ (78)	\$ (84)		
Net Investments		\$ 417	\$ 14,417	\$ 14,417	\$ 14,417	\$ 14,417	\$ 14,388	\$ 13,524	\$ (504)	\$ (503)	\$ (502)	\$ (501)	\$ (500)	\$ (498)	\$ (497)	\$ (496)	\$ (495)	\$ (19,501)		
Average Investments		\$ 208	\$ 7,417	\$ 14,417	\$ 14,417	\$ 14,417	\$ 14,402	\$ 13,956	\$ 6,510	\$ (504)	\$ (503)	\$ (501)	\$ (500)	\$ (499)	\$ (498)	\$ (497)	\$ (496)	\$ (9,998)		
Equity	8.70%	\$ 2	\$ 54	\$ 105	\$ 105	\$ 105	\$ 104	\$ 101	\$ 47	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (72)	
Debt	2.30%	\$ 0	\$ 14	\$ 28	\$ 28	\$ 28	\$ 28	\$ 27	\$ 12	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (19)	
<b>Total Return</b>		<b>\$ 2</b>	<b>\$ 68</b>	<b>\$ 132</b>	<b>\$ 132</b>	<b>\$ 132</b>	<b>\$ 132</b>	<b>\$ 128</b>	<b>\$ 60</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (92)</b>	<b>\$ 658</b>
<b>Depreciation Expenses</b>																				
Dep. Exp. - Mains	2.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29	\$ 29	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19)	\$ 69
Dep. Exp. - Services	3.40%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ 15
Property Taxes	2.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 24	\$ 288
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53</b>	<b>\$ 54</b>	<b>\$ 52</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 23</b>	<b>\$ 30</b>	<b>\$ 372</b>
Total Revenue Req.		\$ 2	\$ 68	\$ 132	\$ 132	\$ 132	\$ 185	\$ 182	\$ 112	\$ 18	\$ 18	\$ 18	\$ 18	\$ 18	\$ 18	\$ 18	\$ 18	\$ (62)	\$ 1,030	
<b>Interest Rates</b>																				
Beginning		0.140%	0.130%	0.120%	0.150%	0.130%	0.100%	0.150%	0.140%	0.090%	0.090%	0.050%	0.080%	0.050%	0.050%	0.030%	0.060%	0.050%	0.050%	
Ending		0.140%	0.070%	0.140%	0.160%	0.050%	0.150%	0.140%	0.090%	0.090%	0.050%	0.080%	0.050%	0.050%	0.030%	0.060%	0.050%	0.030%	0.030%	
Total		0.280%	0.200%	0.260%	0.310%	0.180%	0.250%	0.290%	0.230%	0.180%	0.140%	0.130%	0.130%	0.100%	0.080%	0.090%	0.110%	0.080%		
Average		0.140%	0.100%	0.130%	0.155%	0.090%	0.125%	0.145%	0.115%	0.090%	0.070%	0.065%	0.065%	0.050%	0.040%	0.045%	0.055%	0.040%		
<b>Average Interest Rates</b>		<b>0.012%</b>	<b>0.008%</b>	<b>0.011%</b>	<b>0.013%</b>	<b>0.008%</b>	<b>0.010%</b>	<b>0.012%</b>	<b>0.010%</b>	<b>0.008%</b>	<b>0.006%</b>	<b>0.005%</b>	<b>0.005%</b>	<b>0.004%</b>	<b>0.003%</b>	<b>0.004%</b>	<b>0.005%</b>	<b>0.003%</b>		
<b>True-Up</b>																				
Beg. Of Month True-Up		\$ -	\$ 2	\$ 70	\$ 202	\$ 334	\$ 466	\$ 652	\$ 834	\$ 946	\$ 964	\$ 982	\$ 1,001	\$ 1,019	\$ 1,037	\$ 1,056	\$ 1,074	\$ 1,092	\$ 1,092	
End of Month (Before Interest)		\$ 2	\$ 70	\$ 202	\$ 334	\$ 466	\$ 652	\$ 834	\$ 946	\$ 964	\$ 982	\$ 1,001	\$ 1,019	\$ 1,037	\$ 1,056	\$ 1,074	\$ 1,092	\$ 1,092	\$ 1,030	
Average True-Up		\$ 1	\$ 36	\$ 136	\$ 268	\$ 400	\$ 559	\$ 743	\$ 890	\$ 955	\$ 973	\$ 992	\$ 1,010	\$ 1,028	\$ 1,047	\$ 1,065	\$ 1,083	\$ 1,061		
Interest Exp (Income)		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<b>Ending (Over)/Under Recovery</b>		<b>\$ 2</b>	<b>\$ 68</b>	<b>\$ 132</b>	<b>\$ 132</b>	<b>\$ 132</b>	<b>\$ 185</b>	<b>\$ 182</b>	<b>\$ 112</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ (62)</b>	<b>\$ 1,030</b>	

# Exhibits

## Exhibit 1: Revised True-Up filed 06/10/2015

Florida Public Utilities Company  
Gas Reliability Infrastructure Program (GRIP) Seq 3 2605 REVISED  
Calculation of the Actual Revenue Requirements  
Actual January 1, 2013 to December 31, 2013

Schedule B-2  
Exhibit \_\_\_\_\_  
#REF!  
Page 3 of 10

Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$172,284	\$273,002	\$926,014	\$682,443	\$746,542	\$937,701	\$464,666	\$811,033	\$1,074,198	\$725,030	\$1,153,689	\$1,025,401	
Closed- 1070 Activity to Plant for Mains		(\$834)	(\$3,002)	(\$32,388)	(\$50)	\$0	(\$9,037)	(\$64,451)	(\$489,006)	(\$195,953)	(\$6,089,952)	(\$939,253)	(\$747,897)	
Qualified Investment - Services - Current 1070 Activity		\$4,093	\$59,066	\$89,086	\$114,347	\$101,936	\$192,636	\$172,639	\$274,138	\$768,099	\$443,935	\$497,675	\$916,408	
Closed- 1070 Activity to Plant for Service		(\$4,093)	(\$59,066)	(\$89,086)	(\$114,347)	(\$101,936)	(\$192,139)	(\$173,146)	(\$274,138)	(\$768,099)	(\$443,935)	(\$497,675)	(\$916,408)	
Qualified Investment - Mains - Current 1010 Activity		\$834	\$3,002	\$32,388	\$50	\$0	\$9,037	\$64,451	\$489,006	\$195,953	\$6,089,952	\$939,253	\$747,897	
Qualified Investment - Services - Current 1010 Activity		\$4,093	\$59,066	\$89,086	\$114,347	\$101,936	\$192,129	\$173,146	\$274,138	\$768,099	\$443,935	\$497,675	\$916,408	
Total Qualified Investment - Mains 1070	\$442,156	\$613,606	\$883,606	\$1,777,232	\$2,459,625	\$3,206,168	\$4,134,831	\$4,535,047	\$4,857,074	\$5,735,319	\$370,397	\$584,833	\$862,337	\$862,337
Total Qualified Investment - Services 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$507	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Mains 1010	\$1,061,595	\$1,062,429	\$1,065,431	\$1,097,819	\$1,097,869	\$1,097,869	\$1,106,906	\$1,171,357	\$1,660,363	\$1,856,316	\$7,946,268	\$8,885,521	\$9,633,418	\$9,633,418
Total Qualified Investment - Services 1010	\$153,685	\$157,778	\$216,844	\$305,930	\$420,277	\$522,213	\$714,342	\$887,488	\$1,161,626	\$1,929,725	\$2,373,660	\$2,871,335	\$3,787,744	\$3,787,744
Total Qualified Investment	\$1,657,436	\$1,833,813	\$2,165,880	\$3,180,980	\$3,977,771	\$4,826,249	\$5,956,586	\$6,593,891	\$7,679,063	\$9,521,360	\$10,690,325	\$12,341,689	\$14,283,499	\$14,283,499
Less: Accumulated Depreciation	(\$867)	(\$3,514)	(\$6,175)	(\$9,009)	(\$12,162)	(\$15,640)	(\$19,407)	(\$23,737)	(\$28,692)	(\$35,443)	(\$44,777)	(\$68,058)	(\$94,705)	(\$94,705)
Net Book Value	\$1,656,569	\$1,830,299	\$2,159,706	\$3,171,972	\$3,965,608	\$4,810,609	\$5,937,178	\$6,570,154	\$7,650,370	\$9,485,917	\$10,645,547	\$12,273,631	\$14,188,794	\$14,188,794
Average Net Qualified Investment		\$1,743,434	\$1,995,002	\$2,665,839	\$3,568,790	\$4,388,108	\$5,373,893	\$6,253,666	\$7,110,262	\$8,568,144	\$10,065,732	\$11,459,589	\$13,231,213	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Approved Depreciation Rate-Services		3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	
Debt - Cost of Capital		2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	
Equity Component - inclusive of Income Tax Gross-up		\$12,637	\$14,460	\$19,323	\$25,868	\$31,806	\$38,952	\$45,329	\$51,538	\$62,105	\$72,960	\$83,063	\$95,904	\$553,944
Debt Component		\$3,342	\$3,824	\$5,110	\$6,840	\$8,411	\$10,300	\$11,986	\$13,628	\$16,422	\$19,293	\$21,964	\$25,360	\$146,479
Return Requirement		\$15,979	\$18,284	\$24,432	\$32,708	\$40,217	\$49,252	\$57,315	\$65,166	\$78,527	\$92,252	\$105,027	\$121,264	\$700,423
Investment Expenses														
Depreciation Expense - Mains		\$2,212	\$2,213	\$2,220	\$2,287	\$2,287	\$2,287	\$2,306	\$2,440	\$3,459	\$3,867	\$16,555	\$18,512	\$60,645
Depreciation Expense - Services		\$435	\$447	\$614	\$867	\$1,191	\$1,480	\$2,024	\$2,515	\$3,291	\$5,468	\$6,725	\$8,135	\$33,192
Property Taxes	2.00%	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$2,761	\$33,131
Customer Notice Expense - 709		\$0	\$0	\$500	\$0	\$650	\$0	\$0	\$491	\$0	\$0	\$0	\$0	\$1,641
General Public Notice Expense - Advertising 702		\$1,885	\$298	\$298	\$2,894	\$1,007	(\$1,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$5,381
Total Expense		\$7,293	\$5,719	\$6,393	\$8,808	\$7,896	\$5,528	\$7,091	\$8,207	\$9,511	\$12,096	\$26,041	\$29,408	\$133,991
Total Revenue Requirements		\$23,271	\$24,003	\$30,825	\$41,516	\$48,113	\$54,780	\$64,406	\$73,372	\$88,038	\$104,348	\$131,068	\$150,672	\$834,414
Embedded Revenue for Bare Steel Replacement Investment		\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,306	\$747,727
Net Revenue Requirements		(\$39,040)	(\$38,308)	(\$31,486)	(\$20,795)	(\$14,198)	(\$7,531)	\$2,095	\$11,061	\$25,727	\$42,037	\$68,757	\$88,366	\$86,687
GRIP Surcharge Revenues Collected Month		\$ 26,990	\$ 26,179	\$ 26,878	\$ 24,716	\$ 21,141	\$ 18,796	\$ 16,738	\$ 16,984	\$ 16,840	\$ 18,322	\$ 20,638	\$ 24,714	\$258,936
Beginning True-Up														(\$243,184.97)
(Over) and Under Recovery for the Month		(\$66,030.00)	(\$64,487.00)	(\$58,364.00)	(\$45,511.00)	(\$35,339.00)	(\$26,327.00)	(\$14,643.00)	(\$5,923.00)	\$ 8,887.00	\$ 23,715.00	\$ 48,119.00	\$ 63,652.00	(\$172,251.00)
Monthly Interest Expense/(Income)		(\$28.00)	(\$34.00)	(\$40.00)	(\$45.00)	(\$50.00)	(\$53.00)	(\$55.00)	(\$28.00)	(\$22.00)	(\$22.00)	(\$20.00)	(\$18.00)	(\$415.00)
Ending (Over) and Under Recovery		\$ (243,185)	(\$309,242.97)	(\$373,763.97)	(\$432,167.97)	(\$477,723.97)	(\$513,112.97)	(\$539,492.97)	(\$554,190.97)	(\$560,141.97)	(\$551,276.97)	(\$527,583.97)	(\$479,484.97)	(\$415,850.97)
Req. of Month Annual Interest Rate		0.10%	0.15%	0.14%	0.09%	0.09%	0.07%	0.065%	0.065%	0.05%	0.04%	0.05%	0.06%	
End of Month Annual Interest Rate		0.15%	0.14%	0.09%	0.07%	0.07%	0.065%	0.065%	0.050%	0.040%	0.045%	0.055%	0.040%	
Average Monthly Interest Rate		0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.005%	0.00%	0.00%	0.00%	0.00%	