

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: May 20, 2019
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 20190001-EI
Company Name: Florida Public Utilities Company
Company Code: EI803
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No: 2019-017-1-3

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 are no confidential work papers associated with this audit.

LMD/cmm

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
Tallahassee District Office

Auditor's Report

Florida Public Utilities Company
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2018

Docket No. 20190001-EI
Audit Control No. 2019-017-1-3
April 26, 2019

Handwritten signature of Debra M. Dobiac in black ink.

Debra M. Dobiac
Audit Manager

Handwritten signature of Donna D. Brown in blue ink.

Donna D. Brown
Audit Staff

Handwritten signature of Marisa N. Glover in blue ink.

Marisa N. Glover
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated January 14, 2019. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida Public Utilities Company in support of its 2018 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20190001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

FPUC/Utility refers to the Florida Public Utilities Company.

FAC refers to the Fuel and Purchased Power Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2018, through December 31, 2018, and whether FPUC applied the Commission approved cost recovery factor to actual KWH sales for the FAC.

Procedures: We computed revenues using the factors in Order No. PSC-2018-0028-FOF-EI, issued January 8, 2018 and actual KWH sales from the Fuel Revenue Reports and reconciled them to the general ledger and filing. We selected a random sample of residential and commercial customers' bills for the period and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Objectives: The objectives were to determine whether expenses listed on the FAC filing are supported by adequate documentation and that the expenses are appropriately recoverable through the FAC and meet the criteria in Order 14546, issued July 8, 1985. In addition, we were to determine whether the energy payments to qualifying facilities are based on the appropriate standard offer or negotiated contract rate.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of 2018 expenses for testing. The source documentation for selected items was reviewed to ensure the expense was related to the FAC and that the expense was charged to the correct account. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule C-1 was properly calculated.

Procedures: We traced the December 31, 2017, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2018, using the Commission approved beginning balance as of December 31, 2017, the Non-financial Commercial Paper rates, and the 2018 FAC revenues and costs. No exceptions were noted.

Analytical Review

Objectives: The objective was to perform an analytical review of the Utility's FAC Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2018 to 2017 revenues and expenses. There were no significant variances. Further follow-up was not required.

Audit Findings

None

