


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 29, 2022
TO: Office of the Commission Clerk
FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 
RE: Docket No.: 20220002-EI
Company Name: Florida Public Utilities Company
Company Code: EI803
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2022-019-1-2

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.

TMB/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
Energy Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2021

Docket No. 20220002-EG
Audit Control No. 2022-019-1-2

June 27, 2022

A handwritten signature in black ink, appearing to read "M. Glover", written over a horizontal line.

Marisa N. Glover
Audit Manager

A handwritten signature in black ink, appearing to read "Thomas Wolff", written over a horizontal line.

Thomas Wolff
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 Economics in its audit service request dated January 18, 2022. 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 2021 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20220002-EG.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to Florida Public Utilities Company.
ECCR refers to the Energy Conservation Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2021, through December 31, 2021, and whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales for the ECCR.

Procedures: We reconciled the 2021 filing to the Utility's monthly Revenue Reports. We computed the factors by rate code and compared them to the last Commission Order No. PSC PSC-2020-0447-FOF-EG. We selected a random sample of residential and commercial customers' bills for the months of March and August 2021, and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that operation and maintenance (O&M) expense listed on the Utility's Schedule CT-3 filing was supported by adequate documentation and that the expenses were appropriately recoverable through the ECCR.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M expenses (except for payroll) for testing. The source documentation for selected items was reviewed to ensure the expenses were for the current period, charged to the correct accounts, and appropriately recoverable through the ECCR. Payroll was audited for electric and gas conservation programs by scheduling conservation payroll, benefits, and payroll taxes for 2021, and calculating the percentage of benefits and taxes as compared to salaries. We traced conservation program rebates to allowances approved in Order Nos. PSC-2010-0678-PAA-EG and PSC-2015-0326-PAA-EG, issued November 12, 2010, and August 11, 2015, respectively. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code (F.A.C.). Finding 1 discusses operation and maintenance expenses.

Other Issues

Objective: The objective was to verify the number of program participants reported in the Utility's Florida Energy Efficiency and Conservation Act (FEECA) filing.

Procedures: We verified the number of program participants reported in the Utility's March 1, 2022 FEECA filing for the Residential Energy Survey Program, Commercial Reflective Program, Residential Heating & Cooling Upgrade Program, and Low Income Energy Outreach Program by reconciling them with the program participants noted in the Utility's 2021 ECCR true-up filing. Finding 2 discusses other issues.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2020, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2021, using the Commission-approved beginning balance as of December 31, 2020, the Financial Commercial Paper rates, and the 2021 ECCR revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's ECCR revenues and expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2021 to 2020 revenues and expenses. The Utility had no significant variances. No further work was performed.

Audit Findings

Finding 1: Operations and Maintenance Expense

Audit Analysis: According to the Utility’s Schedule CT-2 (page 2 of 3), the total expenses were \$751,683, as of December 31, 2021. Audit staff determined the Electric Demonstration & Development Program was overstated by \$36,560, due to an invoice from December 2021 that was booked in January 2022. We also reconciled the Commercial Heating & Cooling Efficiency Upgrade and Residential Heating & Cooling Efficiency Upgrade Program Incentives. We determined the Utility booked two invoices from December 2020, totaling \$2,641, in January 2021. We removed both invoices from the Incentive balance. See Table 1-1.

Table 1-1

Reference Code	Program (Outside Services)	Utility Balance Per filing	Variance	Audited Balance as of 12/31/21
CV626	Electric Demonstration & Development	\$ 88,124	\$ (36,560)	\$ 51,564
Reference Code	Program (Incentives)	Utility Balance per filing	Variance	Audited Balance as of 12/31/21
CV618	Commercial Heating & Cooling Efficiency Upgrade Program	\$ 375	\$ (125)	\$ 250
CV619	Residential Heating & Cooling Efficiency Upgrade Program	13,322	(2,516)	10,806
Total		\$ 13,697	\$ (2,641)	\$ 11,056

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Audit staff determined that total expenses should be decreased by \$39,201.

Finding 2: Other Issues - FEECA Filing

Audit Analysis: The Utility’s FEECA filing for Residential Energy Survey Participation stated 108 participants, \$488 per installation cost, and \$40,580 in program costs. The Utility’s general ledger stated \$45,383 in program costs. In order for audit staff to determine the per installation cost, we calculated the amount per general ledger and divided by the number of participants (\$45,383/108); totaling \$420. The Utility stated the program cost has not been updated to reflect the 2021 information and is still using 2020 information.

The Utility’s FEECA filing for Residential Heating and Cooling Upgrade Program Participation stated 90 participants, \$175 per installation cost, and \$22,123 in program costs. The Utility’s general ledger stated \$27,295 in program costs. In order for audit staff to determine the per installation cost, we calculated the amount per general ledger and divided by the number of participants (\$27,295/90), totaling \$303. The Utility stated the program cost has not been updated to reflect the 2021 information, and is still using 2020 information.

The Utility’s general ledger reconciles to Schedule CT-2, page 2 of 3. However, the FEECA filing for the Residential Energy Survey is understated by \$4,803, and the Residential Heating and Cooling Upgrade Program is understated by \$5,172. See Table 2-1

Table 2-1

Program	Utility balance per filing	Variance	FEECA Filing	Audited balance per GL
Residential Energy Survey - CV613	\$ 45,383	\$ (4,803)	\$ 40,580	\$ 45,383
Residential Heating & Cooling Upgrade - CV619	\$ 27,295	\$ (5,172)	\$ 22,123	\$ 27,295

Effect on the General Ledger: No effect in the ECCR filing.

Effect on the Filing: The FEECA filing will need to be updated. No effect on the Utility’s Schedule CT-2, page 2 of 3.

Exhibit

Exhibit 1: True Up

COMPANY: FLORIDA PUBLIC UTILITIES - CONSOLIDATED ELECTRIC
 CALCULATION OF TRUE-UP AND INTEREST PROVISION
 FOR MONTHS January-91 THROUGH December-91

SCHEDULE CT-4
 PART 2 OF 3

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
B. CONSERVATION REVENUES													
1. RESIDENTIAL CONSERVATION	(32,150)	(73,709)	(82,021)	(64,287)	(67,871)	(65,784)	(31,100)	(64,207)	(65,822)	(82,658)	(69,833)	(67,330)	(938,918)
2. CONSERVATION ADJ. REVENUES													0
3. TOTAL REVENUES	(32,150)	(73,709)	(82,021)	(64,287)	(67,871)	(65,784)	(31,100)	(64,207)	(65,822)	(82,658)	(69,833)	(67,330)	(938,918)
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	13,927	15,837	15,837	15,837	15,837	15,837	15,837	15,837	15,837	15,837	15,837	15,837	150,282
5. CONSERVATION REVENUE APPLICABLE	(67,219)	(57,872)	(66,184)	(48,450)	(52,034)	(50,947)	(15,263)	(48,370)	(50,985)	(66,821)	(54,033)	(51,493)	(743,833)
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 37)	32,314	72,100	73,787	58,718	124,412	18,752	47,888	69,133	43,222	17,416	37,478	143,418	751,053
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	(14,886)	14,228	7,603	7,277	72,384	(31,175)	(29,437)	(18,237)	(34,769)	(49,385)	(13,420)	93,558	2,050
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 12)	12	0	7	0	0	5	5	4	2	(1)	(3)	(2)	50
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	189,283	159,482	137,973	189,023	181,256	217,587	150,570	125,283	70,210	19,605	(43,579)	(74,997)	190,283
10. DEFERRED TRUE-UP BEGINNING OF PERIOD													
11. PRIOR TRUE-UP COLLECTED (REFUNDED)	(12,057)	(15,837)	(15,837)	(15,837)	(15,287)	(16,837)	(16,837)	(16,837)	(16,837)	(16,837)	(16,837)	(16,837)	(180,283)
TOTAL NET TRUE-UP (LINES 7-11-9A-10)	159,482	157,870	160,823	181,050	217,587	160,570	109,226	70,210	19,025	(43,079)	(14,987)	3,150	3,150

EXHIBIT NO. _____
 DOCKET NO. 7077000-EG
 FLORIDA PUBLIC UTILITIES COMPANY
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