


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 23, 2022
TO: Office of the Commission Clerk
FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 
RE: Docket No.: 20220004-GU
Company Name: Florida Public Utilities Corporation / Gas Division
Company Code: GU618
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery
Audit Control No: 2022-024-1-1

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 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
Gas Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2021

Docket No. 20220004-GU
Audit Control No. 2022-024-1-1
August 22, 2022

A handwritten signature in cursive script, appearing to read "V. Hymavathi".

Hymavathi Vedula
Audit Manager

A handwritten signature in cursive script, appearing to read "Todd Brown".

Todd Brown
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 24, 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 Gas Conservation Cost Recovery Clause in Docket No. 20220004-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to the entity formed by consolidating the filings of Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade Division, and the Florida Division of Chesapeake Utilities Corporation.

GCCR refers to the Gas Conservation Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2021, through December 31, 2021, and whether the Utility applied the Commission-approved cost recovery factor to actual therm sales.

Procedures: We computed revenues using the factors in Order No. PSC-2020-0436-FOF-GU, issued November 16, 2020, and actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. We selected a random sample of residential and commercial customers' bills 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 determine whether Operation and Maintenance (O&M) Expense listed on Schedule CT-3 of the Utility's GCCR filing was supported by adequate documentation and that the expenses were appropriately recoverable through the GCCR.

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 expense was for the current period, charged to the correct accounts, and appropriately recoverable through the GCCR. Payroll was audited for electric and gas conservation programs by scheduling conservation payroll, benefits, and payroll taxes, and calculating the percentage of benefits and taxes as compared to salaries. We traced cash incentive payments to allowances approved in Order No. PSC-2010-0551-PAA-EG, issued September 2, 2010, and in Order No. PSC-2014-0039-PAA-EG, issued January 14, 2014. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

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 Non-Financial Commercial Paper rates, and the 2021 GCCR revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's GCCR 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. We requested explanations from the Utility for significant variances. The explanations provided by the Utility were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY AND FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION CONSOLIDATED NATURAL GAS COMPANIES

SCHEDULE CT-3
PAGE 2 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-21 THROUGH December-21 Revised 8_5_2022

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 RESIDENTIAL CONSERVATION													
2 CONSERVATION ADJ. REVENUES	(498,488)	(402,378)	(379,846)	(378,362)	(313,164)	(276,498)	(277,281)	(252,857)	(267,878)	(276,545)	(323,841)	(402,711)	(4,037,653)
3 TOTAL REVENUES	(498,488)	(402,378)	(379,846)	(378,362)	(313,164)	(276,498)	(277,281)	(252,857)	(267,878)	(276,549)	(323,841)	(402,711)	(4,037,653)
4 PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(30,391)	(364,692)
5 CONSERVATION REVENUE APPLICABLE	(516,879)	(432,769)	(410,037)	(408,753)	(343,555)	(306,889)	(307,672)	(283,248)	(298,269)	(306,940)	(354,232)	(433,102)	(4,402,345)
6 CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	312,030	233,716	564,732	325,989	381,091	53,453	236,440	445,412	32,057	234,139	439,835	394,936	3,653,829
7 TRUE-UP THIS PERIOD (LINE 5 - 6)	(204,849)	(199,052)	154,696	(82,764)	37,526	(253,436)	(71,232)	162,154	(266,202)	(72,801)	85,602	(38,167)	(748,516)
8 INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(30)	(34)	(26)	(18)	(16)	(18)	(28)	(28)	(29)	(38)	(43)	(37)	(345)
9 TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(364,692)	(539,180)	(707,875)	(522,914)	(575,206)	(507,305)	(730,358)	(771,237)	(578,710)	(814,551)	(856,995)	(741,048)	(364,692)
9A DEFERRED TRUE-UP BEGINNING OF PERIOD													
10 PRIOR TRUE-UP COLLECTED (REFUNDED)	30,391	30,391	30,391	30,391	30,391	30,391	30,391	30,391	30,391	30,391	30,391	30,391	364,692
11 TOTAL NET TRUE-UP (LINES 7+8-9+9A-10)	(539,180)	(707,875)	(522,914)	(575,206)	(507,305)	(730,358)	(771,237)	(578,710)	(814,551)	(856,995)	(741,048)	(748,861)	(748,861)

EXHIBIT NO. _____
DOCKET NO. 20220004-GU
FLORIDA PUBLIC UTILITIES CO.
(revised DMC-1)
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