

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: May 8, 2023

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 

RE: Docket No.: 20230001-EI
Company Name: Florida Public Utilities Company
Company Code: EI803
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No: 2023-010-1-1

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.

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

Auditor's Report

Florida Public Utilities Company
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2022

Docket No. 20230001-EI
Audit Control No. 2023-010-1-1
May 2, 2023

A handwritten signature in black ink, appearing to read "Tony Nguyen".

Tony Nguyen
Audit Manager

A handwritten signature in black ink, appearing to read "Donna D. Brown".

Donna D. Brown
Reviewer

Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	4
Exhibit	
1: True Up.....	5

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 & Finance in its audit service request dated January 9, 2023. 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 2022 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20230001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to Florida Public Utilities Company.

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

Analytical Review

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

Procedures: We compared 2022 revenues and expenses to 2020 and 2021. We requested explanations from the Utility for any significant changes to revenues and expenses. The Utility-provided explanations were sufficient and further follow-up was not required.

Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2022, through December 31, 2022, and whether the Utility applied the Commission-approved cost recovery factor to actual (KWH) sales for the Fuel Clause.

Procedures: We reconciled the 2022 filing to the Utility's monthly revenue reports and general ledger. We computed the factors by rate code and compared them to Commission Order No. PSC-2021-0442-FOF-EI, issued November 30, 2021. We selected a 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 Fuel Clause filing were supported by adequate documentation, were appropriately recoverable through the Fuel Clause, and met the criteria in Order 14546, issued July 8, 1985, in Docket No. 19850001-EI-B. In addition, we were to determine whether the energy payments to qualifying facilities were based on the appropriate standard offer or negotiated contract rate.

Procedures: We recalculated Schedule C-1 from the Fuel Clause filing for each month of 2022. We selected a twelve-month sample of expenses and traced them to supporting documentation. We ensured the expenses were related to the Fuel Clause and charged to the correct accounts. The fuel expenses included in the Fuel Clause filing complied with the requirements established

in Order No. 14546. We also reviewed the contracts for qualifying facilities and compared the rates billed to the contracts. No exceptions were noted.

Other

Revenue Expansion Factor

Objective: The objective was to verify that the revenue expansion factor applied to any capital investment being recovered through the fuel clause does not contain a component for bad debt expense.

Procedures: We requested support for whether the revenue expansion factor applied to any capital investments being recovered through the Fuel Clause contained a component of bad debt expense. Per the Utility response, the revenue expansion factor used for clause calculations does not contain any component for bad debt expense. Further follow-up was not needed.

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, 2021, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2022, using the Commission-approved beginning balance as of December 31, 2021, the Non-financial Commercial Paper rates, and the 2022 Fuel Clause revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True Up

Schedule C1

FLORIDA PUBLIC UTILITIES COMPANY
 CALCULATION OF PURCHASED POWER COSTS AND CALCULATION OF TRUE-UP AND INTEREST PROVISION-EXCLUDING GSDLI
 ACTUAL/ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022
 BASED ON TWELVE MONTHS ACTUAL
 (EXCLUDES LINE LOSS, EXCLUDES PAIDS)

	2022												TOTALS
	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	
Total System Sales - kWh	50,992,863	52,682,684	47,473,710	47,238,887	49,186,724	58,857,130	70,976,484	65,456,216	59,010,579	47,993,326	42,472,737	44,100,176	636,046,186
WEST-ACEC Purchases - kWh	800,000	1,810,000	370,000	400,000	320,000	320,000	420,000	420,000	60,000	30,000	30,000	70,000	5,420,000
Raytheon Purchases - kWh - On Peak	131,226	133,273	74,179	130,387	68,873	40,326	28,228	60,843	67,833	66,413	33,441	27,701	860,589
Raytheon Purchases - kWh - Off Peak	516,539	241,039	301,420	301,420	372,456	189,596	149,289	138,355	257,683	257,633	158,937	111,522	2,025,165
Digital Power Purchases - kWh	12,748,671	11,867,836	13,073,434	13,114,892	13,222,346	12,969,632	11,434,728	12,892,914	9,872,210	16,131,892	15,472,492	16,010,092	197,675,102
GuT Purchases - kWh - BLDCK	22,471,223	19,262,851	20,122,374	19,991,851	21,829,891	22,070,346	22,811,040	22,707,041	21,356,128	20,324,925	20,313,495	21,527,515	254,258,797
GuT Purchases - kWh - LEAD	5,278,724	1,874,023	675,279	999,081	4,193,271	9,499,246	8,054,301	7,392,112	5,126,517	1,241,926	1,240,822	4,179,827	49,788,091
FPL Purchases - kWh - BLDCK	8,606,717	8,579,873	8,820,216	8,654,837	9,121,527	9,197,612	10,255,486	10,318,769	10,145,860	9,980,207	9,722,735	7,548,277	109,919,303
FPL Purchases - kWh - LEAD	9,816,059	4,225,246	4,142,297	4,198,092	9,048,124	16,353,248	16,835,580	18,230,263	13,775,544	(1,025,657)	1,091,574	4,774,472	100,333,962
FPL Billing Demand - kWh - BLDCK	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	188,000
FPL Billing Demand - kWh - LEAD	52,302	41,751	27,596	44,352	34,279	65,167	65,166	55,057	53,820	27,498	22,936	63,431	548,035
FPL Billing Transmission Demand - kWh	73,877	48,504	27,453	36,998	39,902	63,705	67,165	59,896	78,936	49,305	41,088	93,427	767,676
FPL Transmission Demand Lead - kWh	0	0	0	0	0	0	0	0	0	0	0	0	0
GuT Demand - kWh - BLDCK	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	372,000
GuT Demand - kWh - LEAD	35,389	31,945	20,851	13,465	25,893	37,127	33,627	30,934	28,713	14,678	21,430	41,365	335,389
GuT Transmission Demand - kWh - Bldck + Lead	55,420	0	0	0	0	0	0	0	0	0	0	0	55,120
Purchased Power Costs													
Wynneflex Fuel Costs	34,317	72,263	41,764	20,418	28,253	31,335	40,299	39,743	29,639	6,379	2,462	5,379	351,484
Raytheon Energy Costs	14,665	12,285	5,443	27,870	20,520	27,578	15,210	14,899	25,072	21,731	9,130	8,428	216,619
Digital Power Fuel Costs	1,498,433	1,786,942	1,758,808	1,418,971	1,908,213	3,107,991	3,051,291	1,808,818	2,601,917	2,060,817	1,809,812	1,589,812	23,834,938
GuT Base Fuel Costs - Bldck	299,572	732,639	793,597	968,054	1,343,802	1,403,371	1,603,802	1,287,516	904,387	654,710	904,387	854,710	13,772,935
GuT Base Fuel Costs - Lead	288,585	111,232	39,419	73,127	363,383	869,944	944,800	898,794	524,992	84,840	77,272	349,689	4,596,935
FPL Base Fuel Costs - Bldck	266,377	330,216	333,830	333,830	454,139	593,622	761,419	714,544	789,339	640,772	307,977	431,965	5,927,599
FPL Base Fuel Costs - Lead	387,322	322,180	289,514	211,032	1,127,934	1,534,112	1,522,827	1,534,112	1,722,356	886,235	87,812	389,273	3,185,712
Sustained Fuel Costs	3,297,250	3,295,728	3,295,728	3,295,728	4,785,288	6,170,269	4,474,450	8,026,815	6,728,610	4,313,484	3,268,993	6,800,487	97,886,799
FPL Demand Charge - Bldck	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	1,195,960	15,151,520
FPL Demand Charge - Lead	775,058	219,103	144,970	235,693	179,885	342,292	328,487	282,450	144,364	144,364	132,720	333,013	2,877,342
FPL Base Trans Charge - Bldck + Lead	183,266	153,825	68,280	167,444	118,320	237,208	172,173	183,266	283,257	291,225	203,444	203,444	2,921,774
FPL Customer Charge	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
FPL Customer Charge	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
GuT Demand Charge - Bldck	334,800	334,800	334,800	334,800	334,800	334,800	334,800	334,800	334,800	334,800	334,800	334,800	4,017,600
GuT Demand Charge - Lead	302,325	299,776	320,319	298,728	271,140	302,100	308,563	305,966	257,499	233,928	255,257	233,928	3,423,958
FPL Demand Charge - Total	185,792	187,185	193,325	193,789	193,789	193,789	193,789	193,789	193,789	193,789	193,789	193,789	2,326,845
GuT - kWh - Bldck	57,261	49,121	51,261	43,259	55,195	66,279	54,458	51,854	51,854	51,799	55,299	648,298	648,298
GuT - kWh - Lead	6,883	2,666	22,878	1,250	8,451	12,337	10,471	9,571	8,676	1,679	1,913	5,437	66,609
FPL kWh - Bldck	21,524	30,315	31,935	31,935	43,454	57,454	74,544	65,859	65,859	26,426	17,143	19,248	276,201
FPL kWh - Lead	12,270	5,897	5,385	5,420	12,830	21,299	17,808	17,808	18,304	11,334	1,419	8,204	130,446
Subtotal Demand & Non-Fuel Costs	7,223,836												7,223,836
Total System Purchased Power Costs	1,141,133	1,411,682	1,212,801	1,341,771	2,217,292	3,673,208	3,283,978	3,833,349	3,667,917	1,989,169	1,389,186	1,673,228	17,188,758
Less Other Billing to GSDLI Class	4,603,788	4,778,415	4,477,836	4,603,427	6,203,222	7,854,407	8,963,438	8,563,433	7,866,047	5,811,564	4,629,584	6,713,719	74,859,523
Net Purchased Power Costs	148,353	15,778	17,231	59,394	47,821	13,967	86,106	43,420	1,236	43,289	75,847	2,840	83,042
Revenue 2 amounts demand provision equals Total's Community	133,356	129,246	127,375	127,375	177,813	318,313	199,973	228,437	192,126	10,896	2,261	15,513	2,657,337
Net Purchased Power Costs	4,352,475	4,609,587	4,389,573	4,362,444	6,971,289	7,762,527	8,765,329	9,291,549	7,774,823	5,427,526	4,600,998	6,196,342	73,289,549
COV D-19 Reg Asset Amort Cost	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Fuel Relear Costs	14,000	13,177	23,211	5,838	46,259	47,000	47,355	297	5,499	5,803	23,889	41,110	248,253
Total Costs and Charges	4,366,475	4,622,764	4,413,114	4,368,384	7,017,548	7,769,829	8,813,267	9,291,792	7,781,127	5,434,344	4,627,078	6,199,573	73,879,326
Sales Revenue - Fuel adjustment:													
Rpt 1,000 kWh	0.89884	0.92452	1,248,784	1,307,473	1,120,845	1,170,731	1,376,190	1,469,642	1,708,729	1,716,643	1,430,350	1,294,441	18,297,386
Rpt 1,000 kWh	0.92823	0.93664	564,291	752,902	272,146	278,732	272,456	1,214,464	1,246,261	1,268,526	629,283	289,482	447,228
CS	0.87384	0.88846	213,855	320,221	278,238	298,685	216,241	404,783	477,680	511,855	547,503	420,180	356,765
GSD	0.88278	0.88275	810,627	773,813	743,192	834,164	697,908	1,030,986	1,189,324	1,436,324	1,093,383	996,642	11,999,512
GSD	0.88226	0.88226	441,636	348,970	364,058	389,823	379,430	482,987	548,843	582,332	661,642	539,174	525,865
LS	0.94933	0.96642	30,047	30,044	30,036	30,196	30,269	30,365	40,136	40,110	30,341	30,734	38,272
Unbilled Fuel Revenue													
Total Fuel Revenue (incl. GSDLI)	3,245,517	3,671,365	2,589,720	2,882,208	2,589,554	4,270,264	4,270,264	5,691,730	4,800,739	3,927,956	3,244,775	3,894,413	46,996,523
GSDLI Fuel Revenue	750,308	138,623	84,363	99,879	66,632	93,800	233,119	271,897	451,422	54,125	78,198	118,263	1,499,878
Net Fuel Revenue	2,495,209	3,282,999	2,769,179	2,982,329	2,812,882	3,842,641	4,141,186	4,141,186	3,819,492	3,870,996	3,119,526	3,119,526	2,998,645
Total Sales Revenue	8,778,627	7,081,147	8,423,971	8,848,017	6,963,258	6,938,905	9,243,515	8,923,127	7,788,007	7,288,001	6,110,881	8,181,448	88,792,730
KWh Base:													
Rpt 1,000 kWh	18,294,200	19,129,088	16,471,644	16,406,005	17,204,455	20,296,705	21,415,818	23,887,187	20,891,527	17,328,477	16,823,557	18,021,531	220,109,095
Rpt 1,000 kWh	6,652,113	8,538,252	3,269,155	3,959,956	4,593,801	9,671,691	14,769,138	10,834,234	11,206,704	4,833,248	2,988,667	4,619,856	85,484,350
CS	4,318,888	4,402,632	3,802,918	4,124,878	4,348,747	5,547,905	6,527,734	6,637,606	6,239,957	4,807,985	4,083,345	4,065,899	58,120,238
GSD	12,164,409	11,678,075	11,771,250	12,511,689	12,899,325	13,398,474	17,741,815	15,546,381	17,542,815	13,495,929	12,229,471	11,660,841	183,983,714
GSD	6,800,388	5,492,495	5,691,694	5,691,694	6,527,426	7,207,426	8,492,413	7,369,013	8,935,952	6,649,932	5,644,292	6,187,374	81,215,157
GSD	1,440,000	2,940,000	0	4,112,000	3,960,000	172,000	2,640,000	3,380,000	3,380,000	62,000			