

M E M O R A N D U M

December 29, 1995

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*
RE: DOCKET NO. ~~95~~50002-EG -- FLORIDA PUBLIC UTILITIES COMPANY
CONSERVATION AUDIT REPORT - PERIOD ENDED SEPTEMBER 30, 1995
AUDIT CONTROL NO. 95-300-4-1

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Florida Public Utilities Company
Frank C. Cressman
P. O. Box 3395
West Palm Beach, FL 33402-3395

DNV/sp

Attachment

cc: Chairman Clark
Commissioner Deason
Commissioner Johnson
Commissioner Kiesling
Commissioner Garcia
Mary Andrews Bane, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin/Causseaux/
File Folder)
Division of Electric and Gas (Haff)
Miami District Office (Welch)

Office of Public Counsel

DOCUMENT NUMBER-DATE

00012 JAN-28

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED SEPTEMBER 30, 1995

Field Audit Completed

November 14, 1995

FLORIDA PUBLIC UTILITIES INC.

West Palm Beach, Florida

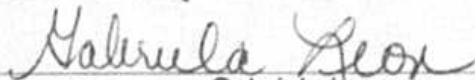
Palm Beach County

Conservation Audit

Docket Number 950002-EG

Audit Control Number

95-300-4-1



Gabriela Leon
Audit Manager

Audit Staff

Yen Ngo



Kathy Welch
District Audit Supervisor
Miami

Minority Opinion

Yes No YN

DOCUMENT NUMBER-DATE

00012 JAN-28

FPSC-RECORDS/REPORTING

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I. EXECUTIVE SUMMARY

Audit Purpose:

We have applied the procedures described in Section II of this report to audit the Energy Conservation Schedules for the twelve month period ending September 30, 1995 prepared by Florida Public Utilities Inc., Docket 950002-EG.

Scope Limitation:

The audit exit conference was waived by the Company.

Disclaim Public Use:

This is an internal accounting report prepared after performing a limited scope audit; accordingly this document must not be relied upon for any purpose except to assist the commission staff in the performance to their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

Opinion:

The schedules of Energy Conservation for the twelve month period ending September 1995, subject to Audit Exception 1, represent Florida Public Utilities Inc. books and records maintained in substantial compliance with Commission Directives; The expressed opinions extend only to the scope of work described in section II of this report.

II AUDIT SCOPE:

The opinions contained in this report are based on the audit work described below. When used in this report COMPILED and EXAMINED means that audit work includes:

COMPILED: Means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and, except as otherwise noted performed no other audit work.

EXAMINED: Means that the audit staff reconciled exhibit amounts with the general ledger; traced general ledger account balances to subsidiary ledgers; applied selective analytical review procedures; tested account balances to the extent further described; and disclosed any error, irregularity, or inconsistency observed.

REVENUES AND EXPENSES:

Compiled CT-3 Schedules: traced to supporting schedules and reconciled to the books. Traced interest rates used to Wall Street Journal 30 day commercial rate, recalculated average interest rate and interest provision.

Judgementally tested the Conservation expenses for the months of April and June 1995 for Marianna and the months of March and July 1995 for Fernandina. These expenses were traced to invoices, journal entries and copies of advertisement ads.

Examined revenues; recalculated conservation adjustment factor, traced factors to FPSC order PSC-94-0389-FOF-EG and order PSC-95-0398-FOF-EG, and applied factor to jurisdictional KWH.

III. AUDIT EXCEPTION NO. 1

SUBJECT: CONSERVATION EXPENSES

STATEMENT OF FACT: The Company did not include on their conservation filing schedule of expenses a \$441.90 reversal for two invoices which were incorrectly charged to expenses in the prior period. This error was found because the Company recorded this reversal on their general ledger, but not on their conservation filing.

OPINION: The CT-3 Schedule should be reduced by \$441.90.

IV. COMPANY EXHIBITS

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARLANNIA

SCHEDULE CT-1

CONSERVATION ADJUSTMENT TRUE-UP

PAGE 1 OF 1

FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

1. ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2. FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995		
3. END OF PERIOD NET TRUE-UP		
4. PRINCIPAL	6,007	
5. INTEREST	245	6,312
6. LESS PROJECTED TRUE-UP		
7. FEBRUARY 1995 (DATE) HEARINGS		
8. PRINCIPAL	27,819	
9. INTEREST	236	28,055
10. ADJUSTED END OF PERIOD TOTAL TRUE-UP		(16,746)

EXHIBIT NO. _____
 DOCKET NO. 950002-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-4)
 PAGE 1 OF 30

Post-It™ brand fax transmittal memo 7671 # of pages = 30

To: GARDEN	From: [Signature]
Co: FTSC	Co: [Signature]
Dept:	Phone: 407-598-1726
Fax: (305) 470-5666	Fax: 407-533-0151

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
 CONSERVATION ADJUSTMENT TRUE UP
 FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

SCHEDULE CT-1
 PAGE 1 OF 1

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	(1,713)	
5.	INTEREST	57	(1,656)
6.	LESS PROJECTED TRUE-UP		
7.	FEBRUARY 1996 (DATE) HEARING		
8.	PRINCIPAL	17,438	
9.	INTEREST	170	17,608
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		(16,200)

EXHIBIT NO. _____
 DOCKET NO. 950002-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-4)
 PAGE 16 OF 30

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA
 ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
 ACTUAL VS PROJECTED

SCHEDULE GT-2
 PAGE 1 OF 3

FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

	ACTUAL	PROJECTED*	DIFFERENCE
1. CAPITAL INVESTMENT			
2. PAYROLL BENEFITS	21,453	13,341	8,112
3. MATERIAL & SUPPLIES	267	1,500	(1,233)
4. OUTSIDE SERVICES	644	6,048	(4,401)
6. ADVERTISING	13,259	10,486	(3,227)
6. INCENTIVES	0	0	0
7. VEHICLES	3,731	3,188	543
8. TRAVEL	0	0	0
9. GENERAL & ADMIN	2,040	0	2,040
10. LEGAL SERVICES	7,521	0	7,521
11. OTHER	1,253	636	717
12. SUB-TOTAL	50,168	40,094	10,074
13. PROGRAM REVENUES			
14. TOTAL PROGRAM COSTS	50,168	40,094	10,074
15. LESS: PRIOR PERIOD TRUE-UP	3,528	3,528	0
16. AMOUNTS INCLUDED IN RATE BASE			
17. CONSERVATION ADJ REVENUE	40,573	13,747	26,826
18. ROUNDING ADJUSTMENT			
19. TRUE-UP BEFORE INTEREST	6,067	22,019	(15,752)
20. ADD INTEREST PROVISION	245	239	6
21. END OF PERIOD TRUE-UP	6,312	22,056	(15,744)

() REFLECTS OVERRECOVERY
 * 2 MONTHS ACTUAL AND 10 MONTHS PROJECTED

EXHIBIT NO. _____
 DOCKET NO. 950002-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-4)
 PAGE 2 OF 30

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
 ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
 ACTUAL VS PROJECTED

SCHEDULE CT-
 PAGE 1 OF 3

FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

	ACTUAL	PROJECTED	DIFFERENCE
1. CAPITAL INVESTMENT			
2. PAYROLL BENEFITS	7,608	5,788	1,820
3. MATERIAL & SUPPLIES	152	1,500	(1,348)
4. OUTSIDE SERVICES	882	5,345	(4,463)
5. ADVERTISING	10,212	13,393	(3,181)
6. INCENTIVES	0	0	0
7. VEHICLES	1,488	1,721	(233)
8. TRAVEL	0	0	0
9. GENERAL & ADMIN	1,360	0	1,360
10. LEGAL SERVICES	7,521	0	7,521
11. OTHER	2,130	1,638	512
12. SUB-TOTAL	31,131	29,487	1,644
13. PROGRAM REVENUES			
14. TOTAL PROGRAM COSTS	31,131	29,487	1,644
15. LESS: PRIOR PERIOD TRUE-UP	3,365	3,365	0
16. AMOUNTS INCLUDED IN RATE BASE			
17. CONSERVATION ADJ REVENUE	28,469	8,096	20,373
18. ROUNDING ADJUSTMENT			
19. TRUE-UP BEFORE INTEREST	(1,713)	17,436	(19,149)
20. ADD INTEREST PROVISION	57	170	(113)
21. END OF PERIOD TRUE-UP	(1,656)	17,606	(19,262)

() REFLECTS OVERRECOVERY
 * 2 MONTHS ACTUAL AND 10 MONTHS PROJECTED

EXHIBIT NO. _____
 DOCKET NO. 950603-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-4)
 PAGE 17 OF 30

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA
 CALCULATION OF TRUE-UP AND INTEREST PROVISION
 FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

SCHEDULE CT-3
 PAGE 2 OF 3

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
8. CONSERVATION REVENUES													
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	2,481	2,168	2,229	2,692	2,488	2,237	3,079	3,528	4,652	4,785	5,185	5,026	40,576
3. TOTAL REVENUES	2,481	2,168	2,229	2,692	2,488	2,237	3,079	3,528	4,652	4,785	5,185	5,026	40,576
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	294	294	294	294	294	294	294	294	294	294	294	294	3,536
5. CONSERVATION REVENUE APPLICABLE	2,775	2,462	2,523	2,986	2,782	2,531	3,373	3,822	4,946	5,079	5,479	5,320	44,112
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 33)	2,429	2,886	3,217	4,289	3,881	3,734	7,376	3,734	6,001	3,585	4,094	3,291	50,188
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	347	(424)	(694)	(1,303)	(1,101)	(1,203)	(3,703)	88	(1,144)	1,504	1,385	2,028	(8,077)
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	16	15	9	(4)	(11)	(18)	(33)	(42)	(44)	(46)	(48)	(35)	(245)
9. TRUE-UP AND INTEREST PROVISION BEGINS 1/3 OF MONTH	3,628	3,596	3,113	43	(1,538)	(2,344)	(4,450)	(2,430)	(8,735)	(1,622)	(2,706)	(5,311)	1,535
10. DEFERRED TRUE-UP BEGINS 1/3 OF PERIOD													
11. PRIOR TRUE-UP COLLECTED/REFUNDED	(224)	(294)	(294)	(214)	(294)	(234)	(254)	(294)	(274)	(294)	(294)	(294)	(3,528)
12. TOTAL NET TRUE-UP (LINES 7-11)	3,590	3,113	2,819	(1,870)	(2,010)	(4,482)	(8,490)	(5,738)	(10,227)	(9,280)	(8,011)	(3,283)	(53,722)

EXHIBIT NO. _____
 DOCKET NO. 95002-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-6)
 PAGE 6 OF 30

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MIAMI
 CALCULATION OF TRUE-UP AND INTEREST PROVISION
 FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

SCHEDULE CT-1
 PAGE 3 OF 3

C. INTEREST PROVISION	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE 8-A)	3,326	3,599	3,113	63	(1,338)	(2,344)	(4,469)	(6,490)	(8,736)	(12,222)	(9,060)	(9,011)	3,526
2. ENDING TRUE-UP BEFORE INTEREST (LINES 87-89+90A-B+C)	3,561	3,098	55	(1,334)	(2,333)	(4,441)	(6,457)	(8,635)	(12,174)	(9,012)	(7,959)	(6,277)	(8,057)
3. TOTAL BEG. AND ENDING TRUE-UP	7,100	6,697	3,168	(1,471)	(4,471)	(7,382)	(12,917)	(17,185)	(24,910)	(18,024)	(17,020)	(14,294)	(2,800)
4. AVERAGE TRUE-UP (LINE C-3 X 99%)	3,555	3,347	3,384	(736)	(2,336)	(3,892)	(6,459)	(8,593)	(12,459)	(9,817)	(8,615)	(7,144)	(1,270)
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	5.04%	5.00%	5.06%	5.03%	5.10%	5.05%	5.12%	5.07%	5.07%	5.10%	5.06%	5.04%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	5.00%	5.06%	5.03%	5.10%	5.05%	5.12%	5.07%	5.07%	5.10%	5.06%	5.04%	5.04%	
7. TOTAL (LINE C-5 + C-6)	10.04%	10.06%	11.09%	12.13%	12.15%	12.17%	12.19%	12.14%	12.17%	11.06%	11.70%	11.76%	
8. AVG. INTEREST RATE (C-7 X 99%)	5.02%	5.33%	5.81%	6.07%	6.08%	6.09%	6.10%	5.07%	6.03%	5.96%	6.80%	5.83%	
9. MONTHLY AVERAGE INTEREST RATE	0.418%	0.444%	0.487%	0.506%	0.506%	0.507%	0.508%	0.506%	0.507%	0.499%	0.628%	0.411%	
10. INTEREST PROVISION (LINE C-4 X C-9)	15	15	8	(4)	(11)	(19)	(33)	(47)	(46)	(48)	(42)	(35)	(245)

EXHIBIT NO. _____
 DOCKET NO. 85062-E3
 FLORIDA PUBLIC UTILITIES COMPANY
 984P-6
 PAGE 7 OF 30

DEC-14-95 THU 13:26 FLORIDA PUBLIC UTILITIES P.07

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
 CALCULATION OF TRUE-UP AND INTEREST PROVISION
 FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

SCHEDULE CT-5
 PAGE 2 OF 3

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
6. CONSERVATION REVENUES													0
1. RESIDENTIAL CONSERVATION													
2. CONSERVATION ADJ. REVENUES	1,714	1,211	1,230	1,538	1,568	1,733	2,418	2,901	3,689	3,077	3,994	3,728	29,469
3. TOTAL REVENUES	1,714	1,211	1,230	1,538	1,568	1,733	2,418	2,901	3,689	3,077	3,994	3,728	29,469
4. PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	282	262	280	282	282	282	282	282	282	282	282	282	3,366
5. CONSERVATION REVENUE APPLICABLE	1,980	1,573	1,512	1,818	1,850	2,015	2,700	3,273	3,971	3,359	4,286	4,011	32,834
6. CONSERVATION EXPENSES FROM CT-3, PAGE 1, LINE 33	1,968	2,321	2,597	2,262	2,697	4,277	1,743	1,354	2,614	3,932	1,913	1,625	31,121
7. TRUE-UP THIS PERIOD (LINES 5-6)	30	(748)	(1,085)	(464)	(637)	(2,262)	(1,063)	1,918	1,057	27	2,703	2,386	1,713
8. INTEREST PROVISION THIS PERIOD (PROJECT 2, PAGE 3, LINE 4)	14	12	7	2	0	(10)	(22)	(21)	(5)	(14)	85	3	(57)
9. TRUE-UP AND INTEREST PROVISIONS BEGINNING OF MONTH	3,365	3,147	2,125	789	25	(1,097)	(3,653)	6,000	(3,404)	(2,844)	(2,112)	(450)	2,385
10. DEFERRED TRUE-UP BEGINNING OF PERIOD													
11. PERIOD TRUE-UP COLLECTED (REFUNDED)	(252)	(252)	(262)	(282)	(282)	(282)	(282)	(282)	(282)	(282)	(282)	(282)	(3,366)
12. TOTAL TRUE-UP (LINES 7-11)	2,147	2,199	763	25	(1,097)	(3,653)	(6,000)	(3,694)	(2,844)	(2,912)	(532)	1,615	1,096

EXHIBIT NO. _____
 DOCKET NO. 95000-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-4)
 PAGE 21 OF 30

DEC-14-95 THU 1:33:30 FLORIDA PUBLIC UTILITIES P-21

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
 CALCULATION OF TRUE-UP AND INTEREST PROVISION
 FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

SCHEDULE CT-3
 PAGE 1 OF 3

C. INTEREST PROVISION	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-10)	3,385	3,447	2,129	708	25	(1,097)	(3,853)	(5,030)	(5,404)	(2,844)	(2,913)	(450)	3,385
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9-C3A+B10)	3,133	2,117	783	23	(1,054)	(3,841)	(4,988)	(3,385)	(2,829)	(2,890)	(442)	1,553	1,713
3. TOTAL BEG. AND ENDING TRUE-UP	6,518	5,564	2,911	731	(1,089)	(7,684)	(8,841)	(8,415)	(8,233)	(5,734)	(3,355)	1,203	5,098
4. AVERAGE TRUE-UP (LINE D-3 X 60%)	3,259	2,832	1,444	364	(535)	(3,840)	(4,320)	(4,207)	(4,117)	(2,772)	(1,678)	602	2,549
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	5.04%	5.00%	5.98%	6.33%	6.10%	6.68%	6.12%	6.07%	6.07%	6.18%	6.60%	5.84%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	5.08%	5.66%	6.83%	6.10%	6.25%	6.12%	6.07%	6.07%	6.10%	5.88%	6.81%	5.94%	
7. "D" X (LINE C-5 + C-6)	10.04%	10.66%	11.81%	12.13%	12.35%	12.17%	12.19%	12.14%	12.17%	11.96%	11.70%	11.78%	
8. AVERAGE INTEREST RATE (C-7 X 50%)	5.02%	5.33%	5.91%	6.07%	6.08%	6.08%	6.10%	6.07%	6.05%	5.99%	6.20%	5.89%	
9. MONTHLY AVERAGE INTEREST RATE	0.118%	0.444%	0.457%	0.325%	0.908%	0.307%	0.508%	0.508%	0.507%	0.489%	0.485%	0.481%	
10. INTEREST PROVISION (LINE D-4 X C-9)	14	12	7	1	(2)	(12)	(22)	(21)	(18)	(14)	(8)	3	(57)

EXHIBIT NO. _____
 DOCKET NO. 95002-ES
 FLORIDA PUBLIC UTILITIES COMPANY
 688P-6
 PAGE 22 OF 30

DEC-14-95 THU 1:53:30 FLORIDA PUBLIC UTILITIES P.22

State of Florida

Commissioners:

SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYO
DIRECTOR
(904) 413-6770

Public Service Commission

January 2, 1996

Mr. Frank C. Cressman
Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, Florida 33402-3395

Dear Mr. Cressman:

RE: Docket No. 960002-EG -- Florida Public Utilities Company
Conservation Audit Report - Period Ended September 30, 1995
Audit Control #95-300-4-1

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Sincerely,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn
Chief, Bureau of Records

KF/mas
Enclosure
cc: Public Counsel
Messer Law Firm