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State of Florida



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

COMMISSION  
CLERK

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

**DATE:** August 11, 2011

**TO:** Office of Commission Clerk (Cole)

**FROM:** Office of Auditing and Performance Analysis (Prestwood)  
Division of Economic Regulation (Maurey)  
Office of the General Counsel (Barrera)

*Handwritten initials: CJP, DM, ALM, MPB, JSC, and a circled signature.*

**RE:** Docket No. 110215-GU – Joint request for authorization to maintain accounting records outside of the State of Florida, in accordance with Rules 25-6.015(1) and 25-7.015(1), F.A.C., by Florida Public Utilities Company.

**AGENDA:** 08/23/11 – Regular Agenda –Proposed Agency Action - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** ~~None~~ *Administrative - ac*

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\APA\WP\110215.RCM.DOC

### Case Background

On July 1, 2011, pursuant to Rules 25-6.015(1) and 25-7.015(1), Florida Administrative Code (F.A.C.), Florida Public Utilities Company (FPUC) and the "Florida Division" of Chesapeake Utilities Corporation ("Florida Division") (jointly referred to herein as "the Company"), filed a request that the Commission authorize the Company to maintain all of its accounting records at the Company's corporate offices in Dover, Delaware, rather than at each entity's separate Florida offices. FPUC also seeks to include the records of its Indiantown Division (GU 606).

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The Company is engaged in business as a public utility providing distribution of electricity and transportation and distribution of gas as defined in Section 366.02, Florida Statutes (F.S.). The Commission has jurisdiction pursuant to Sections 366.04 and 366.05, F.S.

**Discussion of Issues**

**Issue 1:** Pursuant to Rules 25-6.015(1) and 25-7.015(1), F.A.C., should the Commission authorize the Company to keep its accounting records out-of-state?

**Recommendation:** Yes, the Commission should approve the Company’s request to keep its accounting records out-of-state. (Prestwood)

**Staff Analysis:** Rules 25-6.015(1) and 25-7.015(1), F.A.C., address the “Location and Preservation of Records” of electric and gas utilities respectively. Rules 25-6.015(1) and 25-7.015(1), F.A.C., require that all records that a utility is required to keep, by reason of these or other rules prescribed by the Commission, at the office or offices of the utility within the state, unless otherwise authorized by the Commission. In the filing for this docket, the Company states that:

Less than 2 years ago, FPUC became a corporate subsidiary of Chesapeake Utilities, Corporation. Shortly thereafter, FPUC acquired the natural gas operating assets of Indiantown Gas Company. As a result of these transactions, the Company took steps to consolidate costs and reduce duplication. One such step was to consolidate certain accounting functions at the corporate headquarters in Dover, which significantly reduced internal accounting and auditing costs, and also facilitated compliance with Sarbanes-Oxley regulations.

In furtherance of this effort, FPUC filed a Petition on May 13, 2010, seeking permission to maintain certain accounting records generated at the corporate headquarters in the Dover, DE location. Other historical records, as well as new records generated in the West Palm Beach offices, would continue to be maintained in Florida. The Commission granted this request by Order No. PSC-10-0454-PAA-PU, issued in Docket No. 100289-PU, on July 16, 2010.

In an earlier proceeding initiated for similar purposes, the Florida Division was granted permission to maintain accounting records at the corporate offices in Dover, Delaware, by Order No. PSC-06-0335-PAA-GU, issued April 24, 2006.

Recently, the Company has taken additional steps to further consolidate all accounting functions in the corporate headquarters in Dover, Delaware. Consequently, the Company intends to transfer all existing FPUC and FPUC-Indiantown Division records and any Florida Division records currently located at the West Palm Beach offices to the corporate headquarters in Dover, along with any Florida Division accounting records that may still remain in the Winter Haven office (if any). It is anticipated that few, if any, new accounting records will be generated, or maintained, in Florida. Thus, the Company now seeks additional approval from the Commission to maintain all accounting records at the corporate headquarters offices located in Dover, Delaware.

The Company explained in its filing that the information contained in the Company's accounting records will be accessible via computer at FPUC's West Palm Beach location.

Section 366.05(11), F.S., states that the “commission has the authority to assess a public utility for reasonable travel costs associated with reviewing the records of the public utility and its affiliates when such records are kept out of state.” Rules 25-6.015(2) and 25-7.015(2), F.A.C., further define reasonable travel expenses as “those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business.” Rule 25-7.015(2)(a), F.A.C., also states that the “utility shall remit reimbursement for out-of-state travel expenses within 30 days from the date the Commission mails the invoice.” The Company states that:

FPUC and the Florida Division understand and acknowledge that each must comply with the requirements of Rules 25-6.015(2) and 25-7.015(2), Florida Administrative Code, regarding reimbursement of travel expenses associated with Commission staff travel to review Company records located outside of Florida.

Therefore, staff recommends that the Commission authorize the Company to keep its records out-of-state. Staff agrees that the centralization of the records should result in improved efficiency and cost savings. Because the Commission rule requires the utility to reimburse the Commission for reasonable travel costs associated with reviewing the records kept out of state, the Commission should not be substantially affected by this change.

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**Issue 2:** Should this docket be closed?

**Recommendation:** Yes, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Barrera)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.