

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 3, 2025

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

FROM: Lynn Deamer, Bureau Chief, Office of Auditing & Performance Analysis

RE: Docket No.: 20250010-EI
Company Name: Florida Public Utilities Company
Company Code: EI803
Audit Purpose: A3g: Storm Protection Plan Cost Recovery Clause
Audit Control No.: 2025-007-1-4

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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 & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Florida Public Utilities Company
Storm Protection Plan Cost Recovery Clause

Twelve Months Ended December 31, 2024

Docket No. 20250010-EI

Audit Control No. 2025-007-1-4

June 3, 2025

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

Troy Florvil
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn M. Deamer", written over a horizontal line.

Lynn M. Deamer
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 Office of Industry Development & Market Analysis in its audit service request dated January 7, 2025. 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 2024 filing for the Storm Protection Plan Cost Recovery Clause in Docket No. 20250010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

FPUC/Company refers to the Florida Public Utilities Company.
SPP refers to the Storm Protection Plan Cost Recovery Clause.

Background

On May 2, 2025 Florida Public Utilities Company filed support for its Storm Protection Plan Cost Recovery factor, for the period January 2024 through December 2024, and the 2024 Storm Protection Plan Accomplishments.

Rate Base

Plant

Objectives: The objective was to determine that the plant additions, retirements, and adjustments for the year ended December 31, 2024, related to the Storm Protection Plan Cost Recovery Clause (SPPCRC) programs.

Procedures: We obtained the plant additions and retirements of SPPCRC for 2024. We recalculated the total plant additions by program, and reconciled to Form 7A. We judgmentally selected plant transactions of each program for sample testing, and traced to the supporting documentation. We obtained the supporting documentation of plant additions and transfer adjustments, and traced to Form 7A. No exceptions were noted.

Capital Investment

Objectives: The objectives were to determine whether: 1) The capital investment for Feeder Hardening, Distribution Lateral Undergrounding, and Transmission Wooden Structure Hardening programs were properly booked and recorded, 2) The corresponding Plant-in-Service and Depreciation Base are appropriately recorded, 3) CWIP Non-Interest Bearing Accounts are calculated correctly for the test year ended December 31, 2024.

Procedures: We recalculated the capital investment activities for each program, and reconciled to Forms 6A and 7A. We selected a judgmental sample from the Feeder Hardening, Distribution Lateral Undergrounding, and Transmission Wooden Structure Hardening programs and reconciled the transactions to supporting documentation. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision, as filed, was properly calculated for SPPCRC.

Procedures: We traced the December 31, 2023, True-Up Provision to Order PSC-2024-0459-FOF-EI. We recalculated the True-Up and Interest Provision amounts as of December 31, 2024, using the Commission approved beginning balance as of December 31, 2023, the applicable Commercial Paper rates, and the 2024 revenues and costs. No exceptions were noted.

Net Operating Income

Operating Revenue

Objectives: The objectives were to determine whether the revenue filed by the Company is supported by Company documentation and agrees to the general ledger.

Procedures: We computed revenues using the factors in the Order PSC-2024-0459-FOF-EI and actual kWh sales from the Revenue Reports and reconciled them to the general ledger and the SPPCRC. No exceptions were noted.

Operation and Maintenance Expense

Objectives: The objectives were to determine the actual Kilowatt Hours (kWh) sold for the period January 1, 2024, through December 31, 2024, and whether the Company applied the Commission approved cost recovery factor to actual kWh sales for the SPPCRC.

Procedures: We recalculated the Overhead Hardening, Vegetation Management, Undergrounding Laterals and Implementation O&M program expenses from the general ledger, and reconciled to Forms 4A and 5A. We performed a judgmental sample for Implementation costs - G&I, Overhead Hardening O&M Programs, Underground O&M Programs, Vegetation Management O&M Programs, and traced them to the supporting documentation. No exceptions were noted.

Depreciation and Amortization Expenses

Objectives: The objective was to determine that the most recent Commission-approved depreciation rates and amortization periods were used in the Company's Storm Protection Plan schedules and the amounts were calculated correctly for the period ended December 31, 2024.

Procedures: We traced all depreciation rates used by project number from the Company's supporting documentation to the approved Depreciation Rates in Order No.PSC-2014-0517-S-EI. We obtained all deprecation rates used for Distribution Lateral Undergrounding Program, Transmission Asset Upgrades Program and Distribution Overhead Feeder Hardening Program, and traced to the Commission-approved depreciation rates. Audit staff determined that the Company has not performed a calculation to determine the amount of depreciation expense savings related to the retirement of existing plant resulting from its SPP programs. No exceptions were noted.

Accounting Practices

Objectives: The objectives were to: 1) Substantiate if the Company changed any of its accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause, and 2) Determine if the Company changed any of its

allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause.

Procedures: We requested and reviewed the accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Protection Plan Cost Recovery Clause. We reviewed whether the Company changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We confirmed that the Company has no change to its allocation method. No exceptions were noted.

Audit Findings

None

Exhibits

Exhibit 1: True-up

Florida Public Utilities
 Storm Protection Plan Cost Recovery Clause
 Final True-Up
 Prior Period: January through December 2024

SPPCRC Form 2A
 Page 1 of 1
 REVISED 06/01/2025

Calculation of True-Up Amount
 (in Dollars)

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Gause Revenues (net of Revenue Taxes)	\$ 207,033	\$ 179,388	\$ 157,070	\$ 152,378	\$ 188,043	\$ 234,227	\$ 247,508	\$ 279,720	\$ 273,125	\$ 203,502	\$ 150,373	\$ 181,422	\$ 2,420,747
2. True-Up Provision ¹¹	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(1,268)	(15,211)
3. Gause Revenues Applicable to Period (Lines 1 + 2)	205,765	178,120	155,802	151,110	186,775	232,959	246,240	278,452	271,857	202,234	149,105	180,154	2,405,536
4. Jurisdictional Rev. Req. (SPPCRC Form 5A and SPPCRC Form 7A)													
a. Overhead Hardening	72,268	166,437	87,531	73,884	88,307	203,752	124,271	111,889	117,030	123,808	130,324	131,537	1,419,189
b. Undergrounding	8,935	10,210	10,898	12,081	15,252	18,968	19,990	23,435	27,578	31,274	33,215	34,131	244,846
c. Vegetation Management	192,748	183,923	187,856	170,877	168,307	150,358	180,391	170,884	136,180	337,912	153,028	438,800	2,488,393
d. Inse. adj. for costs in base rates	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(81,292)	(778,804)
e. Total Jurisdictional Revenue Requirements ¹¹	192,659	278,278	185,189	178,411	189,654	289,826	253,361	224,987	219,496	410,902	244,275	522,978	3,187,024
5. Over/Under Recovery (Line 3 + Line 4d)	13,106	(100,158)	(29,437)	(27,301)	(3,880)	(56,868)	(7,083)	13,465	52,361	(208,688)	(88,170)	(342,817)	(781,488)
6. Interest Provision (SPPCRC Form 3A, Line 10)	(1,758)	(1,958)	(2,344)	(2,364)	(2,434)	(2,579)	(2,720)	(2,700)	(2,451)	(2,833)	(3,138)	(3,850)	(30,828)
7. Beginning Balance True-Up & Interest Provision	(15,211)	(2,596)	(103,445)	(133,858)	(100,305)	(165,360)	(223,537)	(232,052)	(220,019)	(168,841)	(378,874)	(488,912)	(15,211)
a. Deferred True-Up from January to December 2023 (Order No. PSC-2024-0450-FOF-E1)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)	(388,983)
8. True-Up Collected/Refunded (see Line 2)	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	15,211
9. End of Period Total True-Up (Lines 5+6+7+8)	(391,578)	(492,428)	(522,841)	(549,288)	(554,343)	(612,570)	(621,035)	(609,022)	(567,824)	(787,857)	(856,895)	(1,201,299)	(1,201,299)
10. Adjustment to Period True-Up including interest	0	0	0	0	0	0	0	0	0	0	0	0	0
11. End of Period Total True-Up (Lines 9 + 10)	\$ (391,578)	\$ (492,428)	\$ (522,841)	\$ (549,288)	\$ (554,343)	\$ (612,570)	\$ (621,035)	\$ (609,022)	\$ (567,824)	\$ (787,857)	\$ (856,895)	\$ (1,201,299)	\$ (1,201,299)

Notes
¹¹ Approved in Order No. PRC-2023-0364-FOF-F1
¹² Form 5A Summary, Line 13 + Form 7A Summary, Line 12

Exhibit 2: Interest-Provision

Florida Public Utilities
 Storm Protection Plan Cost Recovery Clause
 Final True-Up
 Prior Period: January through December 2024
 Calculation of Interest Provision for True-Up Amount
 (in Dollars)

SPPCRC Form 3A
 revised 01/1/2020

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Beginning True-Up Amount (SPPCRC Form 2A, Line 7+7a+10)	\$ (404,104)	\$ (381,578)	\$ (492,428)	\$ (522,841)	\$ (549,288)	\$ (554,343)	\$ (612,620)	\$ (621,035)	\$ (609,002)	\$ (567,824)	\$ (767,657)	\$ (655,865)	
2. Ending True-Up Amount Before Interest	(389,620)	(420,470)	(320,697)	(546,624)	(551,622)	(620,841)	(618,315)	(606,322)	(566,373)	(705,224)	(662,259)	(1,197,442)	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	(793,724)	(802,048)	(813,125)	(1,069,465)	(1,101,197)	(1,184,784)	(1,230,935)	(1,227,357)	(1,175,375)	(1,273,048)	(1,429,916)	(1,853,307)	
4. Average True-Up Amount (Line 3 ÷ 12)	(66,144)	(66,837)	(67,761)	(89,122)	(91,766)	(98,732)	(102,578)	(102,279)	(97,948)	(106,087)	(119,160)	(154,442)	
5. Interest Rate (First Day of Reporting Business Month)	5.30%	5.33%	5.32%	5.30%	5.30%	5.30%	5.32%	5.29%	5.26%	4.85%	4.71%	4.58%	
6. Interest Rate (First Day of Subsequent Business Month)	5.33%	5.32%	5.30%	5.30%	5.30%	5.32%	5.29%	5.26%	4.85%	4.71%	4.58%	4.43%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	10.63%	10.65%	10.62%	10.60%	10.60%	10.62%	10.61%	10.55%	10.11%	9.56%	9.29%	9.01%	
8. Average Interest Rate (Line 7 ÷ 12)	5.315%	5.325%	5.310%	5.300%	5.300%	5.310%	5.303%	5.275%	5.055%	4.780%	4.645%	4.505%	
9. Monthly Average Interest Rate (Line 8 ÷ 1/12)	0.443%	0.444%	0.443%	0.442%	0.442%	0.443%	0.442%	0.440%	0.421%	0.398%	0.387%	0.375%	
10. Interest Provision for the Month (Line 4 × Line 9)	\$ (2,915)	\$ (2,958)	\$ (2,984)	\$ (3,954)	\$ (4,037)	\$ (4,354)	\$ (4,512)	\$ (4,500)	\$ (4,141)	\$ (4,233)	\$ (4,136)	\$ (3,850)	\$ (30,828)

Exhibit No. _____
 DOCKET NO. 20250010-E1
 Florida Public Utilities Company
 REVISED (06-1)
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