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: July 22, 2026

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

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis

RE: Docket No.: 20260003- GU
Company Name: Florida Public Utilities Company
Company Code: EI803
Audit Purpose: A3c: Purchased Gas Adjustment Clause
Audit Control No.: 2026-016-1-2

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of this memo and audit report. If the Utility desired 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.

Attachement: Audit Report

Cc: Office of Audit & Performance Analysis

State of Florida

Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Florida Public Utilities Company
Purchased Gas Adjustment Clause

Twelve Months Ended December 31,2025

Docket No. 20260003-GU
Audit Control Nos. 2026-016-1-2
July 15, 2026

Jeevan Reddy Shivashankara Reddy
Audit Manager

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 the Division of Economics in its audit service request dated January 7, 2026. 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 2025 filings for the Purchased Gas Adjustment Clause in Docket No. 20260003-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company/FPUC refers to the Florida Public Utilities Company.
FCG refers to Florida City Gas.
PGA refers to the Purchased Gas Adjustment Clause.

Background

This audit reviewed FPUC's true-up for 2025. FPUC and FCG filed a joint petition for approval of 2025 true-up amounts, therefore this audit also reviewed the FCG true-up schedules for 2025.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2025, through December 31, 2025, and whether the Company applied the Commission-approved cost recovery factor to actual therm sales for the PGA.

Procedures: We reconciled the 2025 filings to the Company's monthly Revenue Reports. We recalculated the revenues by general ledger and reconciled to the Company's Schedule A-2 for 2025. We selected a sample of residential and commercial customer bills to test by rate class in Commission Order No. PSC-2025-0432-FOF-GU, to verify that the correct tariff rate was used. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expenses listed on the Company's filing are supported by adequate documentation and that the expenses are appropriately recoverable through the PGA.

Procedures: We traced 2025 expenses in the filing to the general ledger. The source documentation for selected items were reviewed to ensure the expenses were for the current period, charged to the current accounts and appropriately recoverable through the PGA. No exceptions were noted.

True-up

Objectives: The objective was to determine if the True-Up and Interest Provision as filed on Schedule A-2 was properly calculated.

Procedures: We traced the December 31, 2024, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission-approved beginning balance as of December 31, 2024, the Non-Financial Commercial Paper rates, and the 2025 PGA revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared revenues and expenses from 2021 to 2025, and compared the percentage change between the years. We requested explanations from the Company for substantial changes, and the explanation was sufficient. No further work was performed.

Audit Findings

None

Exhibits

Exhibit 1: True-Up and Interest Provision

COMPANY: CONSOLIDATED
FLORIDA PUBLIC UTILITIES COMPANY & FLORIDA CITY GAS

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE PERIOD OF: JANUARY 2025 THROUGH DECEMBER 2025

SCHEDULE A-2
Revised 02.17.2026

			CURRENT MONTH: DECEMBER				YEAR-TO-DATE			
			ACTUAL	ESTIMATE	DIFFERENCE AMOUNT	DIFFERENCE %	ACTUAL	ESTIMATE	DIFFERENCE AMOUNT	DIFFERENCE %
	TRUE-UP CALCULATION									
1	PURCHASED GAS COST	Sch. A-1 Line 4, Estimate include Sch. A-1 Line 10	3,122,794	$ 5,490,301	$ 2,367,507	43.1	23,537,435	$ 50,465,965	$ 26,928,530	53.4
2	TRANSPORTATION COST	Sch. A-1 Lines 1, 2, 3, 5, 6	8,040,862	$ 4,863,617	$ (3,177,245)	(65.3)	74,803,858	$ 47,020,723	$ (27,783,135)	(59.1)
3	TOTAL COST		11,163,656	$ 10,353,918	$ (809,738)	(7.8)	98,341,293	$ 97,486,689	$ (854,604)	(0.9)
4	FUEL REVENUES (NET OF REVENUE TAX)		8,654,444	$ 10,086,485	$ 1,432,041	14.2	90,935,752	$ 93,454,942	$ 2,519,190	2.7
5	TRUE-UP - (COLLECTED) OR REFUNDED *		275,966	$ 275,966	$ -	0.0	3,311,586	$ 3,311,586	$ -	0.0
6	FUEL REVENUE APPLICABLE TO PERIOD	Add Lines 4 + 5	8,930,410	$ 10,362,451	$ 1,432,041	13.8	94,247,338	$ 96,766,528	$ 2,519,190	2.6
7	TRUE-UP - OVER(UNDER) - THIS PERIOD	Line 6 - Line 3	(2,233,246)	$ 8,533	$ 2,241,779	26272.0	(4,093,955)	$ (720,161)	$ 3,373,794	(468.5)
8	INTEREST PROVISION -THIS PERIOD	Line 21	(11,091)	$ (24,725)	$ (13,634)	55.1	37,117	$ (242,493)	$ (279,610)	115.3
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST: over/(under)		(2,266,196)	$ (7,715,451)	$ (5,449,255)	70.6	2,581,925	$ (3,733,369)	$ (6,315,294)	169.2
10	TRUE-UP COLLECTED OR (REFUNDED)	Reverse of Line 5	(275,966)	$ (275,966)	$ -	0.0	(3,311,586)	$ (3,311,586)	$ -	0.0
10a	FLEX RATE REFUND (if applicable)		-	$ -	$ -	0.0	-	$ -	$ -	0.0
11	TOTAL ACTUAL/ESTIMATED TRUE-UP: over/(under)	Add Lines 7 + 8 + 9 + 10 + 10a	(4,786,499)	$ (8,007,609)	$ (3,221,110)	40.2	(4,786,499)	$ (8,007,609)	$ (3,221,110)	40.2

MEMO: Unbilled Over-recovery	7,226,716
Over(under)-recovery Book Balance	2,442,217

	INTEREST PROVISION		ACTUAL	ESTIMATE	DIFFERENCE AMOUNT	DIFFERENCE %
12	BEGINNING TRUE-UP AND INTEREST	Line 9	$ (2,266,196)	$ (7,715,451)	$ (5,449,255)	70.6
13	ENDING TRUE-UP BEFORE INTEREST	Add Lines 12 + 7 + 5	$ (4,775,408)	$ (7,982,884)	$ (3,207,476)	40.2
14	TOTAL (12+13)	Add Lines 12 + 13	$ (7,041,604)	$ (15,698,334)	$ (8,656,730)	55.1
15	AVERAGE	50% of Line 14	$ (3,520,802)	$ (7,849,167)	$ (4,328,365)	55.1
16	INTEREST RATE - FIRST DAY OF MONTH		0.03880	0.03880	–	0.0
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH		0.03690	0.03690	–	0.0
18	TOTAL	Add Lines 16 + 17	0.07570	0.07570	–	0.0
19	AVERAGE	50% of Line 18	0.03785	0.03785	–	0.0
20	MONTHLY AVERAGE	Line 19 / 12 mos.	0.00315	0.00315	–	0.0
21	INTEREST PROVISION	Line 15 x Line 20	$ (11,091)	$ (24,725)	$ (13,634)	55.1

Beginning of period True-up & Interest (Line 9) comes from the most recently filed E-4 if we do not flex down. If we flex down, the beginning of the period True-up & Interest (Line 9) comes from the prior periods end of period net true-up.
The prior period write-off will be the estimated over/under recovery estimated on Schedule E-4 regardless if we flex down.