

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: August 21, 2025

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

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

RE: Docket No.: 20250004-GU
Company Name: Florida Public Utilities Company
Company Code: GU603
Audit Purpose: A3e: Gas Conservation Cost Recovery Clause (GCCR)
Audit Control No.: 2025-016-1-5

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
Gas Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2023 & 2024

Docket No. 20250004-GU
Audit Control Nos. 2025-016-1-5 & 2025-016-1-7
August 20, 2025

A handwritten signature in blue ink, reading "Sai Rashmitha Kolli", written over a horizontal line.

Sai Rashmitha Kolli
Audit Manager

A handwritten signature in blue ink, reading "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 the Division of Economics in its audit service request dated January 16, 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 2023 & 2024 filing for the Gas Conservation Cost Recovery Clause in Docket Nos. 20250004-GU and 20240004-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Company/FPUC refers to Florida Public Utilities Company.

FCG refers to Florida City Gas.

GCCR refers to the Gas Conservation Cost Recovery Clause.

Background

This audit reviewed FPUC's true-up for 2023 and 2024. FPUC and FCG filed a joint petition for approval of 2024 true-up amounts, therefore this audit also reviewed FCG true-up schedules for 2024.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2023, through December 31, 2024, and whether the Company applied the Commission-approved cost recovery factor to actual therm sales.

Procedures: We computed revenues using the Commission-approved factors, and actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. We selected a sample of residential and commercial customer bills and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expenses listed on Schedule CT-3 of the Company's GCCR filing are supported by adequate documentation and that the expenses were appropriately recoverable through the GCCR.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, charged to the correct accounts, and appropriately recoverable through the GCCR. We also traced the allocation percentage of the common costs to the source documentation. We traced cash incentive payments to allowances approved in orders PSC-2024-0486-FOF-GU and PSC-2023-0346-FOF-GU. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision, as filed on Schedule CT- 3, was properly calculated.

Procedures: We traced the December 31, 2022 & 2023, True-Up Provision to Commission Order Nos. PSC-2023-0346-FOF-GU and PSC-2022-0423-FOF-EI. We recalculated the True-Up and Interest Provision amounts as of December 31, 2023 & 2024, using the Commission-approved beginning balance as of December 31, 2022 & 2023, the Non-Financial Commercial Paper rates, and the 2023 & 2024 GCCR revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2019 to 2024 revenues and expenses. We requested explanations from the Company for any significant variances. The explanations provided by the Company were sufficient. No further work performed.

Audit Findings

None

Exhibits

Exhibit 1: True Up - 2024

COMPANY: CONSOLIDATED FLORIDA PUBLIC UTILITIES & FLORIDA CITY GAS

SCHEDULE CT-3
PAGE 2 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-24 THROUGH December-24

| | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|-------------|--------------|
| 8. CONSERVATION REVENUES | | | | | | | | | | | | | |
| 1. RESIDENTIAL CONSERVATION | | | | | | | | | | | | | |
| 2. CONSERVATION ADJ. REVENUES | (1,087,207) | (975,878) | (938,785) | (868,897) | (807,297) | (714,601) | (702,440) | (663,500) | (670,259) | (734,801) | (739,578) | (836,255) | (9,898,276) |
| 3. TOTAL REVENUES | (1,087,207) | (975,878) | (938,785) | (868,897) | (807,297) | (714,601) | (702,440) | (663,500) | (670,259) | (734,801) | (739,578) | (836,255) | (9,898,276) |
| 4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD | (120,542) | (120,548) | (120,548) | (120,548) | (120,548) | (120,548) | (120,548) | (120,548) | (120,548) | (120,548) | (120,548) | (120,548) | (1,446,548) |
| 5. CONSERVATION REVENUE APPLICABLE | (1,217,749) | (1,096,422) | (1,057,911) | (989,443) | (927,843) | (835,147) | (822,988) | (814,048) | (790,805) | (875,147) | (860,124) | (1,056,801) | (11,344,826) |
| 6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23) | 845,848 | 826,390 | 717,731 | 1,054,944 | 985,885 | 801,418 | 1,018,701 | 1,148,178 | 931,898 | 983,518 | 1,123,328 | 1,304,028 | 11,821,867 |
| 7. TRUE-UP THIS PERIOD (LINE 5 - 6) | (371,900) | (170,032) | (339,580) | 64,502 | 58,042 | (33,730) | 195,718 | 334,129 | 141,093 | 88,371 | 263,204 | 247,228 | 477,042 |
| 8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10) | (8,864.00) | (7,675) | (8,282) | (8,378) | (7,812) | (7,072) | (8,206) | (4,504) | (2,828) | (1,747) | (557) | 988 | (60,855) |
| 9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH | (1,448,548) | (1,704,870) | (1,782,032) | (1,989,348) | (1,812,679) | (1,641,703) | (1,581,958) | (1,251,903) | (801,731) | (542,918) | (335,748) | 47,444 | (1,446,548) |
| 9A. DEFERRED TRUE-UP BEGINNING OF PERIOD | | | | | | | | | | | | | |
| 10. PRIOR TRUE-UP COLLECTED (REFUNDED) | 120,542 | 120,548 | 120,548 | 120,548 | 120,548 | 120,548 | 120,548 | 120,548 | 120,548 | 120,548 | 120,548 | 120,548 | 1,446,548 |
| 11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10) | (1,704,870) | (1,782,032) | (1,989,348) | (1,812,679) | (1,641,703) | (1,581,958) | (1,251,903) | (801,731) | (542,918) | (335,748) | 47,444 | 418,067 | 418,067 |

Exhibit 2: Interest Provision - 2024

COMPANY: CONSOLIDATED FLORIDA PUBLIC UTILITIES & FLORIDA CITY GAS

SCHEDULE CT-3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

PAGE 3 OF 3

FOR MONTHS January-24 THROUGH December-24

| C. INTEREST PROVISION | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|----------|-------------|
| 1. BEGINNING TRUE-UP (LINE B-9) | (1,448,548) | (1,704,870) | (1,782,032) | (1,889,348) | (1,812,678) | (1,841,703) | (1,561,958) | (1,251,803) | (801,731) | (542,918) | (335,748) | 47,444 | (1,448,548) |
| 2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10) | (1,697,906) | (1,754,357) | (1,881,088) | (1,804,301) | (1,834,091) | (1,554,886) | (1,245,697) | (797,227) | (540,082) | (334,001) | 48,001 | 415,219 | 477,042 |
| 3. TOTAL BEG. AND ENDING TRUE-UP | (3,144,454) | (3,459,227) | (3,743,088) | (3,793,648) | (3,446,789) | (3,196,689) | (2,807,655) | (2,049,130) | (1,341,823) | (876,920) | (287,747) | 462,863 | (869,506) |
| 4. AVERAGE TRUE-UP (LINE C-3 X 50%) | (1,572,227) | (1,729,614) | (1,871,544) | (1,896,824) | (1,723,389) | (1,598,294) | (1,403,827) | (1,024,565) | (670,912) | (438,460) | (143,874) | 231,331 | (434,753) |
| 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 (LINE C-5 + C-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. AVG. INTEREST RATE (C-7 X 50%) | 5.32% | 5.33% | 5.31% | 5.30% | 5.30% | 5.31% | 5.31% | 5.28% | 5.06% | 4.78% | 4.65% | 4.51% | |
| 9. MONTHLY AVERAGE INTEREST RATE | 0.443% | 0.444% | 0.443% | 0.442% | 0.442% | 0.443% | 0.442% | 0.440% | 0.421% | 0.388% | 0.387% | 0.375% | |
| 10. INTEREST PROVISION (LINE C-4 X C-8) | (8,964.00) | (7,675.00) | (8,282) | (8,378) | (7,812) | (7,072) | (8,206) | (4,504) | (2,826) | (1,747) | (557) | 868 | (60,955) |

Exhibit 3: True-Up - 2023

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY AND FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION CONSOLIDATED NATURAL GAS COMPANIES

SCHEDULE CT-3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

PAGE 2 OF 3

FOR MONTHS January-23 THROUGH December-23

| B. CONSERVATION REVENUES | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL |
|--|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1. RESIDENTIAL CONSERVATION | | | | | | | | | | | | | |
| 2. CONSERVATION ADJ. REVENUES | (585,671) | (476,352) | (461,326) | (455,752) | (380,675) | (374,990) | (348,703) | (339,584) | (353,680) | (352,255) | (443,871) | (487,349) | (5,055,208) |
| 3. TOTAL REVENUES | (585,671) | (476,352) | (461,326) | (455,752) | (380,675) | (374,990) | (348,703) | (339,584) | (353,680) | (352,255) | (443,871) | (487,349) | (5,055,208) |
| 4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD | (79,009) | (79,012) | (79,012) | (79,012) | (79,012) | (79,012) | (79,012) | (79,012) | (79,012) | (79,012) | (79,012) | (79,012) | (948,141) |
| 5. CONSERVATION REVENUE APPLICABLE | (664,680) | (555,364) | (540,338) | (534,764) | (459,687) | (454,002) | (428,715) | (412,596) | (432,692) | (431,267) | (522,883) | (566,361) | (6,003,349) |
| 6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23) | 553,670 | 251,717 | 393,452 | 315,696 | 459,688 | 269,678 | 316,752 | 475,092 | 309,527 | 644,337 | 425,139 | 351,446 | 4,796,193 |
| 7. TRUE-UP THIS PERIOD (LINE 5 - 6) | (111,010) | (303,647) | (146,886) | (219,068) | 1 | (184,324) | (111,963) | 62,495 | (123,165) | 213,070 | (97,744) | (184,915) | (1,207,157) |
| 8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10) | (3,439.00) | (4,091) | (4,897) | (5,454) | (5,744) | (5,992) | (6,405) | (6,294) | (6,155) | (5,651) | (5,086) | (5,380) | (64,608) |
| 9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH | (948,141) | (983,801) | (1,212,327) | (1,285,098) | (1,430,609) | (1,357,339) | (1,468,643) | (1,507,999) | (1,372,786) | (1,423,094) | (1,138,663) | (1,160,481) | (948,141) |
| 9A. DEFERRED TRUE-UP BEGINNING OF PERIOD | | | | | | | | | | | | | |
| 10. PRIOR TRUE-UP COLLECTED (REFUNDED) | 79,009 | 79,012 | 79,012 | 79,012 | 79,012 | 79,012 | 79,012 | 79,012 | 79,012 | 79,012 | 79,012 | 79,012 | 948,141 |
| 11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10) | (983,601) | (1,212,327) | (1,285,098) | (1,430,609) | (1,357,339) | (1,468,643) | (1,507,999) | (1,372,786) | (1,423,094) | (1,136,663) | (1,160,481) | (1,271,765) | (1,271,765) |

Exhibit 4: Interest Provision - 2023

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY AND FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION CONSOLIDATED NATURAL GAS COMPANIES

SCHEDULE CT-3

PAGE 3 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-23 THROUGH December-23

| C. INTEREST PROVISION | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL |
|--|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1. BEGINNING TRUE-UP (LINE B-8) | (948,141) | (983,601) | (1,212,327) | (1,285,098) | (1,430,609) | (1,357,339) | (1,488,643) | (1,507,999) | (1,372,788) | (1,423,094) | (1,138,663) | (1,180,481) | (948,141) |
| 2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10) | <u>(980,142)</u> | <u>(1,208,236)</u> | <u>(1,280,201)</u> | <u>(1,425,155)</u> | <u>(1,351,595)</u> | <u>(1,462,651)</u> | <u>(1,501,584)</u> | <u>(1,366,492)</u> | <u>(1,416,939)</u> | <u>(1,131,012)</u> | <u>(1,155,395)</u> | <u>(1,266,385)</u> | <u>(1,207,157)</u> |
| 3. TOTAL BEG. AND ENDING TRUE-UP | (1,928,283) | (2,191,837) | (2,492,529) | (2,710,253) | (2,782,204) | (2,819,990) | (2,970,237) | (2,874,491) | (2,789,725) | (2,554,106) | (2,292,059) | (2,426,866) | (2,155,298) |
| 4. AVERAGE TRUE-UP (LINE C-3 X 50%) | (964,141) | (1,095,919) | (1,246,264) | (1,355,126) | (1,391,102) | (1,409,995) | (1,485,119) | (1,437,245) | (1,394,862) | (1,277,053) | (1,146,029) | (1,213,433) | (1,077,649) |
| 5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH | 4.25% | 4.36% | 4.60% | 4.83% | 4.83% | 5.08% | 5.12% | 5.23% | 5.28% | 5.31% | 5.31% | 5.34% | |
| 6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH | <u>4.36%</u> | <u>4.60%</u> | <u>4.83%</u> | <u>4.83%</u> | <u>5.08%</u> | <u>5.12%</u> | <u>5.23%</u> | <u>5.28%</u> | <u>5.31%</u> | <u>5.31%</u> | <u>5.34%</u> | <u>5.30%</u> | |
| 7. TOTAL (LINE C-5 + C-6) | 8.61% | 8.96% | 9.43% | 9.66% | 9.91% | 10.20% | 10.35% | 10.51% | 10.59% | 10.62% | 10.65% | 10.64% | |
| 8. AVG. INTEREST RATE (C-7 X 50%) | 4.31% | 4.48% | 4.72% | 4.83% | 4.96% | 5.10% | 5.18% | 5.26% | 5.30% | 5.31% | 5.33% | 5.32% | |
| 9. MONTHLY AVERAGE INTEREST RATE | 0.359% | 0.373% | 0.393% | 0.403% | 0.413% | 0.425% | 0.431% | 0.438% | 0.441% | 0.443% | 0.444% | 0.443% | |
| 10. INTEREST PROVISION (LINE C-4 X C-9) | <u>(3,459,00)</u> | <u>(4,091)</u> | <u>(4,897)</u> | <u>(5,454)</u> | <u>(5,744)</u> | <u>(5,992)</u> | <u>(6,405)</u> | <u>(6,294)</u> | <u>(6,155)</u> | <u>(5,651)</u> | <u>(5,088)</u> | <u>(5,380)</u> | <u>(64,608)</u> |