

MEMORANDUM

November 21, 1995

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *DN*

RE: DOCKET NO. 950003-GU -- SOUTH FLORIDA NATURAL GAS COMPANY
PGA AUDIT REPORT - PERIOD ENDED SEPTEMBER 30, 1995
AUDIT CONTROL NO. 95-233-4-4 (ORLANDO)

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:

South Florida Natural Gas Company
J. Peter Martin
P. O. Box 69000-J
Miami, FL 33269-0078

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 (Makin)
Orlando District Office (Forbes)

Office of Public Counsel

DOCUMENT NUMBER-DATE

1174 | NOV 22 88

FPSC-RECORDS/REPORTING

Florida Public Service Commission

Audit Report

As of September 30, 1995

Field Work Completed

November 15, 1995

South Florida Natural Gas Company

Miami, Florida

Dade County

Purchased Gas Adjustment Audit

Docket No. 950003-GU

Audit Control Number 95-233-4-4

Orrett L. Douse

**Orrett L. Douse
Audit Manager**

**Audit Staff
Charleston J. Winston**

**Minority Opinion
Yes ___ No Yes**

Ian J. Forbes

**Ian J. Forbes
Regulatory Analyst Supervisor
Orlando District Office**

DOCUMENT NUMBER-DATE
11741 NOV 22 88
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 the Company-appended exhibit for the test year ending September 30, 1995, Purchased Gas Adjustment schedules. These procedures were to determine that the exhibit represents Company books, that the books are maintained in compliance with Commission directives, and that the facts which may influence the Commission decision process are disclosed.

SCOPE LIMITATIONS: There are no confidential work papers associated with this report. The last day of field work was November 15, 1995, and the audit exit conference was held on November 17, 1995, by telephone.

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 of their duties. Substantial additional audit work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

OPINION: Subject to the procedures described in Section II, the Company books and records for the test year ending September 30, 1995, are maintained in substantial compliance with Commission directives.

II. Audit Scope

This report is based on the audit work described below. When compiled is used in this section of the report, it defines completed audit work as follows:

Compiled: 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 noted, performed no other audit work.

A SCHEDULES: Compiled and recomputed the Company's A schedules for the months of October and December 1994, and January, April, June, and September 1995.

PGA REVENUES: Traced therm sales for the aforementioned months to Company's billing register and recomputed.

COST OF GAS: Traced therms and cost of gas to the Company's invoices.

TRUE-UP: Verified monthly booking of true-up. Recomputed amounts per Company submitted filing and reconciled beginning true-ups to Commission Order Numbers PSC-94-0385-FOF-GU and PSC-95-0350-FOF-GU. Verified that the correct interest rates were applied to under or overrecovered amounts for the twelve months ended September 30, 1995.

COMPANY: SOUTH FLORIDA NAT GAS

COMPARISON OF ACTUAL VERSUS ORIGINAL ESTIMATE
OF THE PURCHASED GAS ADJUSTMENT COST RECOVERY FACTORSCHEDULE A-1
EXHIBIT NO. 1
DOCKET NO. 950003-GU
SOUTH FLA NATURAL GAS
LD-1

APRIL 95 Through MARCH 96

ESTIMATED FOR THE PERIOD OF:

	CURRENT MONTH: SEPTEMBER				PERIOD TO DATE				
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	REVISED ESTIMATE	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
COST OF GAS PURCHASED									
1 COMMODITY (Pipeline)	644	779	(135)	-17.33	4,601	5,968	(1,367)	-22.91	
2 NO NOTICE SERVICE	208	232	(24)	-10.34	1,668	1,747	(79)	-4.52	
3 SWING SERVICE	0	0	0	0.00	0	0	0	0.00	
4 COMMODITY (Other)	17,297	24,197	(6,900)	-28.52	111,051	178,722	(67,671)	-37.88	
5 DEMAND	3,889	4,934	(1,045)	-21.18	27,794	36,825	(8,831)	-24.11	
6 FGT REFUND	0	0	0	0.00	0	0	0	0.00	
LESS END-USE CONTRACT									
7 COMMODITY (Pipeline)	0	0	0	0.00	0	0	0	0.00	
8 DEMAND	0	0	0	0.00	0	0	0	0.00	
9	0	0	0	0.00	0	0	0	0.00	
10 Second Prior Month Purchase Adj. (OPTIONAL)	0	0	0	0.00	0	0	0	0.00	
11 TOTAL COST (1+2+3+4+5+6+10)-(7+8+9)	22,038	30,142	(8,104)	-26.89	145,114	223,062	(77,948)	-34.94	
12 NET UNBILLED	(270)	0	(270)	0.00	(15,359)	0	(15,359)	0.00	
13 COMPANY USE	0	0	0	0.00	0	0	0	0.00	
14 TOTAL THERM SALES	23,555	17,428	6,127	35.16	161,166	146,779	14,387	9.80	
THERMS PURCHASED									
15 COMMODITY (Pipeline) BILLING DETERMINANTS ONLY	89,800	107,543	(17,743)	-16.50	641,750	829,081	(187,331)	-22.60	
16 NO NOTICE SERVICE BILLING DETERMINANTS ONLY	30,000	30,000	0	0.00	240,400	240,400	0	0.00	
17 SWING SERVICE COMMODITY	0	0	0	0.00	0	0	0	0.00	
18 COMMODITY (Other) COMMODITY	89,800	107,543	(17,743)	-16.50	641,750	829,081	(187,331)	-22.60	
19 DEMAND BILLING DETERMINANTS ONLY	89,800	107,543	(17,743)	-16.50	641,750	829,081	(187,331)	-22.60	
20 OTHER COMMODITY	0	0	0	0.00	0	0	0	0.00	
LESS END-USE CONTRACT									
21 COMMODITY (Pipeline)	0	0	0	0.00	0	0	0	0.00	
22 DEMAND	0	0	0	0.00	0	0	0	0.00	
23	0	0	0	0.00	0	0	0	0.00	
24 TOTAL PURCHASES (+17+18+20)-(21+23)	89,800	107,543	(17,743)	-16.50	641,750	829,081	(187,331)	-22.60	
25 NET UNBILLED	(1,285)	0	(1,285)	0.00	(73,146)	0	(73,146)	0.00	
26 COMPANY USE	210	120	90	75.00	961	720	241	33.47	
27 TOTAL THERM SALES (24-26 ESTIMATED ONLY)	112,180	107,423	4,757	4.43	767,527	828,361	(60,834)	-7.34	
CENTS PER THERM									
28 COMMODITY (Pipeline) (1/15)	0.717	0.724	-0.007	-1.00	0.717	0.720	-0.003	-0.401	
29 NO NOTICE SERVICE (2/16)	0.693	0.773	-0.080	-10.34	0.694	0.727	-0.033	-4.522	
30 SWING SERVICE (3/17)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	
31 COMMODITY (Other) (4/18)	19.262	22.500	-3.238	-14.39	17.304	21.557	-4.252	-19.726	
32 DEMAND (5/19)	4.331	4.588	-0.257	-5.61	4.331	4.418	-0.087	-1.960	
33 OTHER (6/20)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	
LESS END-USE CONTRACT									
34 COMMODITY Pipeline (7/21)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
35 DEMAND (8/22)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
36 (9/23)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
37 TOTAL COST OF PURCHASES (11/24)	24.541	28.028	-3.487	-12.44	22.612	26.905	-4.292	-15.95	
38 NET UNBILLED (12/25)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
39 COMPANY USE (13/26)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
40 TOTAL COST OF THERMS SOLD (11/27)	19.645	28.059	-8.414	-29.99	18.907	26.928	-8.021	-29.79	
41 TRUE-UP (E-2)	-7.113	-7.113	0.000	0.00	-7.113	-7.113	0.000	0.00	
42 TOTAL COST OF GAS (40+41)	12.532	20.946	-8.414	-40.17	11.794	19.815	-8.021	-40.48	
43 REVENUE TAX FACTOR	1.003764	1.003764	0.000	0.00	1.003764	1.003764	0.000	0.00	
44 PGA FACTOR ADJUSTED FOR TA (42x43)	12.579	21.025	-8.446	-40.17	11.838	19.890	-8.052	-40.48	
45 PGA FACTOR ROUNDED TO NEAREST .001	12.579	21.025	-8.446	-40.17	11.838	19.890	-8.052	-40.48	

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

November 22, 1995

South Florida Natural Gas Company
Attn: J. Peter Martin
Post Office Box 69000-J
Miami, Florida 33269-0078

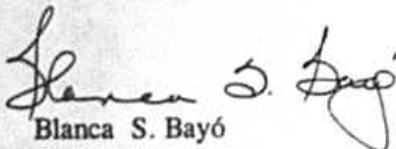
Dear Mr. Martin:

RE: Docket No. 950003-GU -- South Florida Natural Gas Company
PGA Audit Report - Period Ended September 30, 1995
Audit Control #95-233-4-4

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.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayo

BSB/mas
Enclosure
cc: Public Counsel