

M E M O R A N D U M

December 8, 1995

TO: DIVISION OF RECORDS AND REPORTING

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

PE: DOCKET NO. 950002-EG -- ST. JOE NATURAL GAS COMPANY
CONSERVATION AUDIT REPORT - PERIOD ENDED SEPTEMBER 30, 1995
AUDIT CONTROL NO. 95-223-1-1

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 working papers are available for review on request. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

St. Joe Natural Gas Company
Stuart Shoaf
Post Office Box 549
Port St. Joe, FL 32456-0549

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 (Ging)
Tallahassee District Office (Grayson)

Office of Public Counsel

DOCUMENT NUMBER-DATE

12348 DEC 11 85

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED SEPTEMBER 30, 1995

FIELD WORK COMPLETED

DECEMBER 5, 1995

ST. JOE NATURAL GAS COMPANY, INC.

PORT ST. JOE, FLORIDA

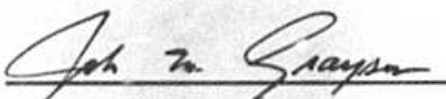
GULF COUNTY

CONSERVATION AUDIT

DOCKET NUMBER - 950002-EG

AUDIT CONTROL NUMBER 95-223-1-1


MICHAEL BUCKLEY
AUDIT MANAGER


JOHN M. GRAYSON
REGULATORY ANALYST SUPERVISOR
TALLAHASSEE DISTRICT OFFICE

DOCUMENT NUMBER-DATE

12348 DEC 11 82

FPSC-RECORDS/REPORTING

INDEX

	<u>PAGE</u>
I. EXECUTIVE SUMMARY	
AUDIT PURPOSE	3
SCOPE LIMITATION	3
DISCLAIM PUBLIC USE	3
OPINION	3
SUMMARY FINDINGS	3
II. AUDIT SCOPE	
SCOPE OF WORK PERFORMED	4
III. AUDIT DISCLOSURES	
1. General Ledger	5
IV. EXHIBITS	
Company Schedule CT - 3	6

I. EXECUTIVE SUMMARY

AUDIT PURPOSE: We have applied the procedures described in Section II of this report and have recalculated the true-up and interest exhibits filed by St. Joe Natural Gas Company, Inc. in support of Docket 950002-EG for the twelve month period ended September 30, 1995, to determine that the exhibits represent the utility's books and records and those books and records are maintained in compliance with Commission directives and that facts which may influence the Commission's decision process are disclosed.

SCOPE LIMITATION: An audit exit conference was held December 5, 1995. There are no confidential documents associated with the audit report.

DISCLAIM PUBLIC USE: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied on for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted audit standards and produce audited financial statements for public use.

OPINION: Subject to the audit disclosures; the ECCR exhibits for the twelve months period ended September 30, 1995 represent St. Joe Natural Gas Company's books and records maintained in substantial compliance with commission directives. The expressed opinions extend only to the scope of work described in Section II of this report.

SUMMARY FINDINGS:

The Company does not record its Conservation interest in the General Ledger. (Disclosure No. 1)

II. AUDIT SCOPE

The opinions contained in this report are based on the audit work described below. When used in this report **COMPILED** means that audit work includes:

COMPILED: Means that 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.

SCOPE OF WORK PERFORMED

CONSERVATION REVENUES: Compiled the conservation revenue account to determine that the Company has used the approved ECCR factor including taxes as set forth in Commission Orders No. PSC-94-0389-FOF-EG and PSC-95-0398-FOF-EG; reconciled therms reported sold for conservation purposes to the amount of therms sold for the Purchased Gas Adjustment calculation; and reconciled therms reported sold and number of Company billings to selected Company billing summaries.

CONSERVATION EXPENSES: Compiled expenses reported; read all invoices supporting incentive payments; there were no advertising expenses.

OTHER: Recomputed Company true-up and interest provision; determined the non-fuel rates charged to customers represent the authorized rate for Conservation; Verified adjustments were made from prior order.

III. AUDIT DISCLOSURES

AUDIT DISCLOSURE NO. 1

SUBJECT: UTILITY GENERAL LEDGER NOT ACCURATE

STATEMENT OF FACT: The Utility does not record its Conservation interest.

Utility Conservation balance sheet accounts as of September 30, 1995 report the following balances:

ACCOUNT	ACCOUNT TITLE	AMOUNT
184	(Deferred) Conservation Expenses	\$384,505.88
186	(Deferred) Conservation Revenues	<u>\$394,419.70</u>
	Total of accounts	<u>(\$9,913.82)</u>

Currently the Utility records Conservation expenditures in account 184 as they are incurred each month. Conservation revenues are recorded each month in account 186. Interest associated with Conservation activities is not recorded on the Utility's books.

Utility personnel report this accounting for the Conservation transactions has not changed in a number of years.

These accounts also are never cleared and represent Conservation expenses and revenues for the entire length of the program.

OPINION: Interest should be included monthly in the accounts and a one time correcting made. Also the accounts should be cleared yearly.

COMPANY COMMENT: The Company may respond at a later date.

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: OCTOBER 1994 THROUGH SEPTEMBER 1995

CONSERVATION REVENUES	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	(873)	(1,299)	(2,472)	(3,625)	(3,021)	(2,042)	(3,504)	(2,255)	(1,983)	(2,058)	(2,115)	(1,976)	(27,222)
4. TOTAL REVENUES	(873)	(1,299)	(2,472)	(3,625)	(3,021)	(2,042)	(3,504)	(2,255)	(1,983)	(2,058)	(2,115)	(1,976)	(27,222)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(865)	(865)	(863)	(288)	(288)	(288)	(288)	(288)	(288)	(288)	(288)	(288)	(5,186)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(1,738)	(2,164)	(3,335)	(3,913)	(3,309)	(2,330)	(3,792)	(2,543)	(2,271)	(2,346)	(2,403)	(2,264)	(32,408)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	1,075	2,350	1,300	2,925	875	2,625	1,850	2,817	1,975	1,100	1,025	3,200	23,117
8. TRUE-UP THIS PERIOD	(863)	186	(2,035)	(988)	(2,434)	295	(1,942)	274	(296)	(1,246)	(1,378)	936	(9,291)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(21)	(20)	(22)	(28)	(35)	(39)	(42)	(45)	(44)	(46)	(50)	(51)	(445)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(5,186)	(5,005)	(3,974)	(5,168)	(5,896)	(8,078)	(7,534)	(9,230)	(8,714)	(8,766)	(9,770)	(10,909)	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	865	865	863	288	288	288	288	288	288	288	288	288	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(5,005)	(3,974)	(5,168)	(5,896)	(8,078)	(7,534)	(9,230)	(8,714)	(8,766)	(9,770)	(10,909)	(9,736)	(9,736)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: OCTOBER 1994 THROUGH SEPTEMBER 1995

INTEREST PROVISION	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. BEGINNING TRUE-UP	(5,186)	(5,005)	(3,974)	(5,168)	(5,896)	(8,078)	(7,534)	(9,230)	(8,714)	(8,786)	(9,770)	(10,909)	
2. ENDING TRUE-UP BEFORE INTEREST	(4,984)	(3,954)	(5,136)	(5,869)	(8,043)	(7,495)	(9,188)	(8,668)	(8,721)	(9,723)	(10,859)	(9,685)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(10,170)	(8,960)	(9,120)	(11,037)	(13,939)	(15,573)	(16,722)	(17,899)	(17,435)	(18,489)	(20,629)	(20,595)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(5,085)	(4,480)	(4,560)	(5,518)	(6,970)	(7,786)	(8,361)	(8,949)	(8,717)	(9,245)	(10,314)	(10,297)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.040%	5.000%	5.660%	6.030%	6.100%	6.050%	6.120%	6.070%	6.070%	6.100%	5.860%	5.840%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.000%	5.660%	6.030%	6.100%	6.050%	6.120%	6.070%	6.070%	6.100%	5.860%	5.840%	5.940%	
7. TOTAL (SUM LINES 5 & 6)	10.040%	10.660%	11.690%	12.130%	12.150%	12.170%	12.190%	12.140%	12.170%	11.960%	11.700%	11.780%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.020%	5.330%	5.845%	6.065%	6.075%	6.085%	6.095%	6.070%	6.085%	5.980%	5.850%	5.890%	
9. MONTHLY AVG INTEREST RATE	0.418%	0.444%	0.487%	0.505%	0.506%	0.507%	0.508%	0.506%	0.507%	0.498%	0.488%	0.491%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(21)	(20)	(22)	(28)	(35)	(39)	(42)	(45)	(44)	(46)	(50)	(51)	(445)

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

December 11, 1995

Mr. Stuart Shoaf
St. Joe Natural Gas Company
Post Office Box 549
Port St. Joe, Florida 32456-0549

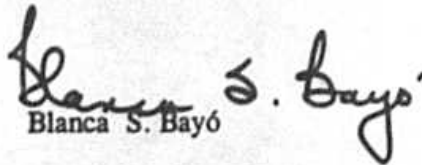
Dear Mr. Shoaf:

RE: Docket No. 950002-EG -- St. Joe Natural Gas Company
Conservation Audit Report - Period Ended September 30, 1995
Audit Control #95-223-1-1

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