

M E M O R A N D U M

December 12, 1995

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 950002-EG -- CHESAPEAKE UTILITIES CORPORATION
CONSERVATION AUDIT REPORT - PERIOD ENDED SEPTEMBER 30, 1995
AUDIT CONTROL NO. 95-223-3-1 .

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 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:

Chesapeake Utilities Corporation
Michael P. McMasters
350 South Queen Street
Dove, DE 19901

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)
Orlando District Office (Forbes)

Office of Public Counsel

DOCUMENT NUMBER-DATE

12515 DEC 13 88

FPSC-RECORDS/REPORTING

Florida Public Service Commission

Audit Report

Twelve Months Ended September 30, 1995

Field Work Completed

December 1, 1995

Chesapeake Utilities Corporation, Florida Division

Winter Haven, Florida

Polk County

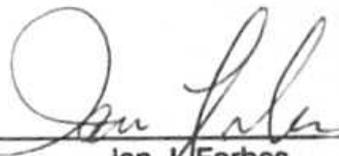
Energy Conservation Cost Recovery Audit

Docket Number 950002-EG

Audit Control Number 95-223-3-1



Orrett L. Douse
Audit Manager



Ian J. Forbes
District Audit Supervisor
Orlando

DOCUMENT NUMBER-DATE

12515 DEC 13 1995

FPSC-RECORDS/REPORTING

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I. Executive Summary

AUDIT PURPOSE: We have applied the procedures in Section II of this report to the appended Energy Conservation Program Costs, Schedules CT-3 (Exhibit A and Exhibit B), filed by Chesapeake Utilities, Corporation, Florida Division, in support of the Conservation Cost Recovery for the twelve-month period ended September 30, 1995.

SCOPE LIMITATION: The last day of field work was December 1, 1995. There were no confidential documents associated with the audit. The exit conference was waived.

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 purposes 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 procedures described in Section II, Schedules CT-3 (Exhibit A and Exhibit B) for the twelve-month period ended September 30, 1995, represent utility books and records that have been maintained in substantial compliance with Commission directives. The expressed opinions extend only to the scope of work described in Section II of this report.

II. Audit Scope

The opinions contained in this report are based on the audit work described below. When used in this section of the report, compiled defines completed audit work as:

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 otherwise noted, performed no other audit work.

ENERGY CONSERVATION COST RECOVERY REVENUES: Compiled Energy Conservation Revenues for the twelve-month period ended September 30, 1995. Scheduled terms sold and recalculated conservation revenues; traced Commission-approved factors to the utility's billing register.

ENERGY CONSERVATION COST RECOVERY EXPENSES: Compiled conservation expenses for each program. Traced conservation expenses to the general ledger. Tested 100 percent of incentive payments and advertising expenses for proper program classification, timing and amount. Tested 100 percent of other expenses to ensure they were properly classified and eligible for conservation cost recovery.

ENERGY CONSERVATION COST RECOVERY TRUE-UP: Recalculated company exhibits for net true-up and interest provision; verified the utility used the 30-day commercial paper rates as published in The Wall Street Journal in its calculation.

OTHER: Reviewed the Company's Board of Directors' minutes for items pertinent to this audit.

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

CONSERVATION REVENUES	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	TOTAL
1 RGS 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	(8,863)	(11,637)	(12,844)	(18,259)	(18,903)	(14,187)	(26,844)	(21,904)	(18,513)	(17,829)	(18,429)	(18,205)	(205,987)
4 TOTAL REVENUES	(8,863)	(11,637)	(12,844)	(18,259)	(18,903)	(14,187)	(26,844)	(21,904)	(18,513)	(17,829)	(18,429)	(18,205)	(205,987)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	24,945
6 CONSERVATION REVS APPLICABLE TO THE PERIOD	(8,784)	(8,579)	(10,765)	(16,180)	(16,824)	(12,051)	(24,565)	(19,825)	(16,434)	(15,547)	(18,259)	(18,126)	(181,039)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	12,871	24,889	27,848	6,170	23,736	19,795	15,210	21,689	24,145	5,881	20,794	26,135	233,363
8 TRUE-UP THIS PERIOD	8,087	15,311	17,182	(10,010)	6,912	7,734	(8,355)	3,864	7,711	(8,586)	4,444	12,009	52,324
9 INTER PROV THIS PERIOD (FROM CT-3, PAGE 2)	113	156	244	262	245	273	200	226	257	228	212	245	2,744
10 TRUE-UP & INTER PROV BEGINNING OF MONTH	24,945	29,069	42,439	97,807	45,879	51,057	56,986	45,812	47,833	53,722	42,316	44,893	550,668
11 PRIOR TRUE-UP COLLECTED (REFUNDED)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(20,799)
12 TOTAL NET TRUE-UP (SUM LINES 8-11)	29,069	42,439	47,807	45,879	51,057	56,986	45,812	47,833	53,722	42,316	44,893	55,068	550,668

Chesapeake Utilities Corporation
 Docket No. 90002-EG
 Exhibit WM-1
 Page 7 of 14

COMPANY

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

SCHEDULE C-1
 PAGE 3 OF 3

	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
INTEREST PROVISION													
1 BEGINNING TRUE-UP	24,948	29,069	42,459	57,807	43,979	51,037	56,366	45,912	47,833	53,722	42,318	44,893	
2 ENDING TRUE-UP BEFORE INTEREST	28,958	42,301	57,563	45,718	50,812	58,712	45,552	47,997	53,465	42,077	44,681	54,823	
3 TOTAL BEGINNING & ENDING TRUE-UP	53,904	71,369	100,022	103,525	96,792	109,770	102,337	93,409	101,299	95,799	86,997	99,716	
4 AVERAGE TRUE-UP (LINE 3 TIMES 50%)	26,952	35,685	50,011	51,762	48,396	53,885	51,269	46,705	50,649	47,800	43,498	49,858	
5 INTER. RATE - 1ST DAY OF REPORTING MONTH	5.040%	5.000%	5.600%	6.030%	6.100%	6.050%	6.120%	6.070%	6.070%	6.100%	5.850%	5.840%	
6 INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.000%	5.600%	6.000%	6.100%	6.050%	6.120%	6.070%	6.070%	6.100%	5.850%	5.840%	5.840%	
7 TOTAL (SUM LINES 5 & 6)	10.040%	10.600%	11.600%	12.130%	12.150%	12.170%	12.190%	12.140%	12.170%	11.950%	11.700%	11.700%	
8 AVG INTEREST RATE (LINE 7 TIMES 50%)	5.020%	5.300%	5.845%	6.065%	6.075%	6.085%	6.095%	6.070%	6.085%	5.975%	5.850%	5.850%	
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%	0.483%	0.481%	
10 INTEREST PROVISION (LINE 4 TIMES LINE 9)	113	158	244	262	245	273	260	238	257	229	212	245	2,744

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 13, 1995

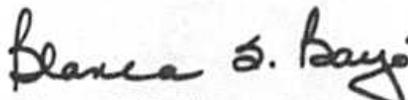
Mr. Michael P. McMasters
Chesapeake Utilities Corporation
350 South Queen Street
Dover, Delaware 19901

Dear Mr. McIntyre:

RE: Docket No. 950002-EG -- Chesapeake Utilities Corporation
Conservation Audit Report - Period Ended September 30, 1995
Audit Control #95-223-3-1

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.

Sincerely,


Blanca S. Bayo

BSB/mas
Enclosure
cc: Public Counsel
Gatlin Law Firm