

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT
AS OF SEPTEMBER 30, 1996

FIELD WORK COMPLETED
DECEMBER 5, 1996

SEBRING GAS SYSTEM, INC.
SEBRING, FLORIDA
HIGHLANDS COUNTY

PURCHASED GAS ADJUSTMENT AUDIT
DOCKET NO. 960003-GU
AUDIT CONTROL NO. 96-151-3-2



RICHARD F. BROWN
AUDIT MANAGER



IAN J. FORBES
DISTRICT AUDIT SUPERVISOR
ORLANDO

DOCUMENT NUMBER-DATE

13296 DEC 13 86

FPSC-RECORDS/REPORTING

INDEX

Page

I. Executive Summary

Audit Purpose	1
Disclaim Public Use	1

II. Audit Scope

Scope of Work Performed	1
A Schedules	1
PGA Revenues	1
Cost of Gas	1
True-Up	1

III. Audit Disclosure

1. Recording of Purchased Gas Revenues and Costs	2
--	---

IV. Exhibits

1. Comparison of Actual versus Original Estimate	3
--	---

I. EXECUTIVE SUMMARY

Audit Purpose: We have applied the procedures described in Section II of this report to the company's Purchased Gas Adjustment schedules for the test year ending September 30, 1996, Docket No. 960003-GU. The company's Purchased Gas Adjustment schedules were examined to determine compliance with Commission directives and to disclose any transactions or events which may influence Commission decision.

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 work would have to be performed to satisfy generally accepted auditing standards and produce audit financial statement for public use.

Opinion: Subject to the procedures described in Section II, the company books and records for the test year ending September 30, 1996, are maintained in substantial compliance with Commission directives.

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 otherwise noted, performed no other audit work.

A Schedules: Compiled and recomputed the company's A schedules for the period October 1995 through September 1996.

PGA Revenues: Compiled the Company's therm sales 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 utility-submitted filing and reconciled beginning true-ups to the appropriate Commission order. Verified that proper interest rates were applied to under or over recovered amounts for the twelve months ended September 30, 1996.

AUDIT DISCLOSURE NO. 1

SUBJECT: RECORDING OF PURCHASED GAS REVENUES & COSTS

FACTS: The utility records all purchased gas residential and commercial revenues via Accounts 480 and 481, Residential Sales and Commercial Industrial Sales. PGA revenues are included within the total booked in the aforementioned accounts.

Purchased gas costs are charged to Account 799, Natural Gas Purchases.

The utility charges balance sheet Account 191, Unrecovered Purchased Gas Costs, for monthly increases in purchased gas costs, related to the Commission-approved purchased gas adjustment clause and credits the account for decreases. Contra Account 805.1, Purchased Gas Cost Adjustments, is debited or credited, as appropriate, with amounts amortized from Account 191.

OPINION/CONCLUSION: The utility's recording of purchased gas revenues and costs is in compliance with instructions per 18 CFR 201.

COMPANY: SEBRING GAS SYSTEM, INC.

COMPARISON OF ACTUAL VERSUS ORIGINAL ESTIMATE
OF THE PURCHASED GAS ADJUSTMENT COST RECOVERY FACTOR

SCHEDULE A-1
(REVISED 6/08/94)

ESTIMATED FOR THE PERIOD OF:

APRIL 96 Through MARCH 97

	CURRENT MONTH:				PERIOD TO DATE			
	ACTUAL	REVISED ESTIMATE	DIFFERENCE		ACTUAL	REVISED ESTIMATE	DIFFERENCE	
			AMOUNT	%			AMOUNT	%
COST OF GAS PURCHASED								
1 COMMODITY (Pipeline)	\$125	\$229	(\$104)	(33.61)	\$953	\$1,537	(\$584)	(38.00)
2 NO NOTICE SERVICE	0	0	0	ERR	0	0	0	ERR
3 SWING SERVICE	0	0	0	ERR	0	0	0	ERR
4 COMMODITY (Other)	4,005	6,153	(2,148)	(34.91)	31,049	46,918	(15,869)	(33.82)
5 DEMAND	710	1,303	(593)	(45.51)	5,415	8,893	(3,478)	(39.11)
6 OTHER - CITY OF SEBRING	3,513	990	2,523	254.85	9,724	6,791	1,482	21.82
LESS END-USE CONTRACT								
7 COMMODITY (Pipeline)	0	0	0	ERR	0	0	0	ERR
8 DEMAND	0	0	0	ERR	0	0	0	ERR
9	0	0	0	ERR	0	0	0	ERR
10	0	0	0	ERR	0	0	0	ERR
11 TOTAL COST (1+2+3+4+5+6+10)-(7+8+9)	\$8,353	\$8,675	(\$322)	(3.71)	\$47,141	\$64,139	(\$16,998)	(26.50)
12 NET UNBILLED	0	0	0	ERR	0	0	0	ERR
13 COMPANY USE	0	0	0	ERR	0	0	0	ERR
14 TOTAL THERM SALES	\$9,425	\$8,675	\$750	8.65	\$71,770	\$64,139	\$7,631	11.90
THERMS PURCHASED								
15 COMMODITY (Pipeline) BILLING DETERMINANTS ONLY	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
16 NO NOTICE SERVICE BILLING DETERMINANTS ONLY	0	0	0	ERR	0	0	0	ERR
17 SWING SERVICE COMMODITY	0	0	0	ERR	0	0	0	ERR
18 COMMODITY (Other) COMMODITY	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
19 DEMAND BILLING DETERMINANTS ONLY	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
20 OTHER - SEBRING TRANSPORT CHARGE BILLING DETERMINANTS ONLY	31,197	30,000	1,197	3.99	223,565	205,800	17,765	8.63
LESS END-USE CONTRACT								
21 COMMODITY (Pipeline)	0	0	0	ERR	0	0	0	ERR
22 DEMAND	0	0	0	ERR	0	0	0	ERR
23	0	0	0	ERR	0	0	0	ERR
24 TOTAL PURCHASES (+17+18)-(21+23)	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
25 NET UNBILLED	0	0	0	ERR	0	0	0	ERR
26 COMPANY USE	0	0	0	ERR	0	0	0	ERR
27 TOTAL THERM SALES (24-26 Estimated Only)	31,345	30,000	1,345	4.48	221,808	205,800	16,008	7.78
CENTS PER THERM								
28 COMMODITY (Pipeline) (1/15)	0.765	0.763	0.001	0.16	0.765	0.747	0.018	2.39
29 NO NOTICE SERVICE (2/16)	0.000	ERR	ERR	ERR	ERR	ERR	ERR	ERR
30 SWING SERVICE (3/17)	0.000	ERR	ERR	ERR	ERR	ERR	ERR	ERR
31 COMMODITY (Other) (4/18)	24.495	20.510	3.985	19.43	24.913	22.798	2.115	9.28
32 DEMAND (5/19)	4.343	4.343	(0.001)	(0.02)	4.345	4.321	0.024	0.55
33 OTHER (6/20)	11.261	3.300	7.961	241.23	4.350	3.300	1.050	31.81
LESS END-USE CONTRACT								
34 COMMODITY Pipeline (7/21)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
35 DEMAND (8/22)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
36 (9/23)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
37 TOTAL COST OF PURCHASES (11/24)	51.089	28.917	22.172	76.68	37.825	31.166	6.659	21.37
38 NET UNBILLED (12/25)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
39 COMPANY USE (13/26)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
40 TOTAL COST OF THERM SOLD (11/27)	26.649	28.917	(2.268)	(7.84)	21.253	31.166	(9.913)	
41 TRUE-UP (E-2)	0.58900	0.58900	0.00000	0.00	0.58900	0.58900		
42 TOTAL COST OF GAS (40+41)	27.238	29.506	(2.268)	(7.69)	21.842			
43 REVENUE TAX FACTOR	1.01911	1.01911	0.00000	0.00				
44 PGA FACTOR ADJUSTED FOR TAXES (42+43)	27.759	30.070	(2.311)					
45 PGA FACTOR ROUNDED TO NEAREST .001	27.759	30.070						

COMPANY: SEBRING GAS SYSTEM, INC.

COMPARISON OF ACTUAL VERSUS ORIGINAL ESTIMATE
OF THE PURCHASED GAS ADJUSTMENT COST RECOVERY FACTOR

SCHEDULE A-1
(REVISED 6/08/94)

ESTIMATED FOR THE PERIOD OF:

APRIL 96 Through MARCH 97

COST OF GAS PURCHASED	CURRENT MONTH: SEP 96				PERIOD TO DATE			
	ACTUAL	REVISED ESTIMATE	DIFFERENCE		ACTUAL	REVISED ESTIMATE	DIFFERENCE	
			AMOUNT	%			AMOUNT	%
1 COMMODITY (Pipeline)	\$125	\$229	(\$104)	(33.61)	\$953	\$1,537	(\$584)	(38.00)
2 NO NOTICE SERVICE	0	0	0	ERR	0	0	0	ERR
3 SWING SERVICE	0	0	0	ERR	0	0	0	ERR
4 COMMODITY (Other)	4,005	6,153	(2,148)	(34.91)	31,049	46,918	(15,869)	(33.82)
5 DEMAND	710	1,303	(593)	(45.51)	5,415	8,893	(3,478)	(39.11)
6 OTHER - CITY OF SEBRING	3,513	990	2,523	254.85	9,724	6,791	1,482	21.82
LESS END-USE CONTRACT								
7 COMMODITY (Pipeline)	0	0	0	ERR	0	0	0	ERR
8 DEMAND	0	0	0	ERR	0	0	0	ERR
9	0	0	0	ERR	0	0	0	ERR
10	0	0	0	ERR	0	0	0	ERR
11 TOTAL COST (1+2+3+4+5+6+10)-(7+8+9)	\$8,353	\$8,675	(\$322)	(3.71)	\$47,141	\$64,139	(\$16,998)	(26.50)
12 NET UNBILLED	0	0	0	ERR	0	0	0	ERR
13 COMPANY USE	0	0	0	ERR	0	0	0	ERR
14 TOTAL THERM SALES	\$9,425	\$8,675	\$750	8.65	\$71,770	\$64,139	\$7,631	11.90
THERMS PURCHASED								
15 COMMODITY (Pipeline) BILLING DETERMINANTS ONLY	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
16 NO NOTICE SERVICE BILLING DETERMINANTS ONLY	0	0	0	ERR	0	0	0	ERR
17 SWING SERVICE COMMODITY	0	0	0	ERR	0	0	0	ERR
18 COMMODITY (Other) COMMODITY	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
19 DEMAND BILLING DETERMINANTS ONLY	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
20 OTHER - SEBRING TRANSPORT CHARGE BILLING DETERMINANTS ONLY	31,197	30,000	1,197	3.99	223,565	205,800	17,765	8.63
LESS END-USE CONTRACT								
21 COMMODITY (Pipeline)	0	0	0	ERR	0	0	0	ERR
22 DEMAND	0	0	0	ERR	0	0	0	ERR
23	0	0	0	ERR	0	0	0	ERR
24 TOTAL PURCHASES (*17+18)-(21+23)	16,350	30,000	(13,650)	(45.50)	124,630	205,800	(81,170)	(39.44)
25 NET UNBILLED	0	0	0	ERR	0	0	0	ERR
26 COMPANY USE	0	0	0	ERR	0	0	0	ERR
27 TOTAL THERM SALES (24-26 Estimated Only)	31,345	30,000	1,345	4.48	221,808	205,800	16,008	7.78
CENTS PER THERM								
28 COMMODITY (Pipeline) (1/15)	0.765	0.763	0.001	0.16	0.765	0.747	0.018	2.39
29 NO NOTICE SERVICE (2/16)	0.000	ERR	ERR	ERR	ERR	ERR	ERR	ERR
30 SWING SERVICE (3/17)	0.000	ERR	ERR	ERR	ERR	ERR	ERR	ERR
31 COMMODITY (Other) (4/18)	24.495	20.510	3.985	19.43	24.913	22.798	2.115	9.28
32 DEMAND (5/19)	4.343	4.343	(0.001)	(0.02)	4.345	4.321	0.024	0.55
33 OTHER (6/20)	11.261	3.300	7.961	241.23	4.350	3.300	1.050	31.81
LESS END-USE CONTRACT								
34 COMMODITY Pipeline (7/21)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
35 DEMAND (8/22)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
36 (9/23)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
37 TOTAL COST OF PURCHASES (11/24)	51.089	28.917	22.172	76.68	37.825	31.166	6.659	21.37
38 NET UNBILLED (12/25)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
39 COMPANY USE (13/26)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
40 TOTAL COST OF THERM SOLD (11/27)	26.649	28.917	(2.268)	(7.84)	21.253	31.166	(9.913)	(31.81)
41 TRUE-UP (E-2)	0.58900	0.58900	0.00000	0.00	0.58900	0.58900	0.000	0.00
42 TOTAL COST OF GAS (40+41)	27.238	29.506	(2.268)	(7.69)	21.842	31.755	(9.913)	(31.22)
43 REVENUE TAX FACTOR	1.01911	1.01911	0.00000	0.00	1.01911	1.01911	0.00000	0.00
44 PGA FACTOR ADJUSTED FOR TAXES (42+43)	27.759	30.070	(2.311)	(7.69)	22.259	32.362	(10.102)	(31.22)
45 PGA FACTOR ROUNDED TO NEAREST .001	27.759	30.070	(2.311)	(7.69)	22.259	32.362	(10.103)	(31.22)

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 17, 1996

Mr. Jerry H. Melendy, Sr.
Sebring Gas System, Inc.
3515 Highway 27 South
Sebring, Florida 33870-5452

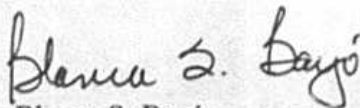
RE: Docket No. 960003-GU -- Sebring Gas Systems, Inc.
PGA Audit Report - Period September 30, 1996
Audit Control # 95-151-3-2

Dear Mr. Melendy:

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/clb
Enclosure
cc: Public Counsel