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## 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 950003-GU 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:** 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:** The Purchased Gas Adjustment exhibit for the twelve months period ended September 30, 1996 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.

## II. AUDIT SCOPE

This report is based on the audit work described below. When compiled is used in this 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.

### SCOPE OF WORK PERFORMED

**REVENUES:** Compiled the Purchased Gas Adjustment revenue accounts to determine that the Company has used the approved PGA factor including taxes as set forth in Commission Orders No. PSC-95-0350-FOF-GU AND PSC-96-0323-FOF-GU. Reconciled revenues per therm usage and compared those calculated dollar amounts to the actual dollar amounts listed within the sales journal and general ledger. Reconciled invoice amounts to the general ledger and company exhibit.

**EXPENSES:** Recalculated PGA Transportation and Purchase Gas cost for the audit period; Reconciled hand-bills and supporting documents to the general ledger; and Traced general ledger account balances to subsidiary ledgers.

**OTHER:** Recalculated Company true-up and interest provision; Verified the correct beginning true-up; Verified that the correct interest rates were applied to under or over recovered amounts for the twelve months ended September 30, 1996.

TRUE-UP CALCULATION												Totals	
	October 1995	November 1995	December 1995	January 1996	February 1996	March 1996	April 1996	May 1996	June 1996	July 1996	August 1996	September 1996	
1. Purchased Gas Cost	327,299	390,715	475,597	483,168	503,476	577,372	224,265	351,978	405,881	444,695	32,366	44,986	4,261,798
2. Transportation Cost (A1 line 11 -line 4 & 6)	155,402	128,995	174,755	173,033	162,666	176,600	138,267	145,647	182,515	180,798	18,965	18,320	1,525,920
3. Total	482,708	519,710	650,352	656,201	666,142	753,972	362,532	497,625	588,396	585,493	51,331	63,306	5,837,768
4. Fuel revenues (Net of Revenue Tax)	446,970	521,635	629,151	703,889	622,384	770,714	415,569	506,676	554,148	584,035	36,658	36,841	5,848,670
5. True-Up (Collected) or refunded	(1,019)	(1,019)	(1,019)	(1,019)	(1,019)	(1,019)	(7,871)	(7,871)	(7,871)	(7,871)	(7,871)	(7,871)	(53,340)
6. Fuel Revenue Applicable To Period (L4 +/- L5)**	445,951	520,616	628,132	702,870	621,365	769,695	427,698	498,805	546,277	576,164	28,787	28,970	5,795,330
7. True-Up Provision - This Period (L6 - L3)	(36,757)	906	(22,220)	46,669	(44,777)	15,723	65,166	1,180	(2,119)	(9,329)	(22,544)	(34,336)	(42,438)
8. Interest Provision - This Period (L21)	(269)	(349)	(397)	(323)	(302)	(367)	(168)	18	52	62	25	(68)	(2,086)
9. Beginning Of Period True-Up & Interest	(37,066)	(73,073)	(71,497)	(93,094)	(45,729)	(89,790)	(73,414)	(545)	8,524	14,328	12,932	(1,716)	(450,140)
9a. PGA Audit Adj.	0	0	0	0	0	0	0	0	0	0	0	0	0
10. True-up (Refunded) or Collected -(reverse of L5)	1,019	1,019	1,019	1,019	1,019	1,019	7,871	7,871	7,871	7,871	7,871	7,871	53,340
10a. Flex Rate Refund	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Total Est./Actual True-Up (7+8+9+10+10a)	(73,073)	(71,497)	(71,497)	(45,729)	(89,790)	(73,414)	(545)	8,524	14,328	12,932	(1,716)	(28,268)	(441,322)

INTEREST PROVISION												
12. Beginning True-Up & Interest Provision (L9)	(37,066)	(73,073)	(71,497)	(93,094)	(45,729)	(89,790)	(73,414)	(545)	8,524	14,328	12,932	(1,716)
13. Ending True-up Before Interest (L12 + L 7- L5)	(72,804)	(71,148)	(92,628)	(45,406)	(89,487)	(73,048)	(377)	8,506	14,276	12,870	(1,741)	(28,181)
14. Total (L12 + L13)	(109,870)	(144,221)	(164,195)	(138,500)	(135,217)	(162,837)	(73,792)	7,961	22,800	27,198	11,191	(29,897)
15. Average (50% of L14)	(54,935)	(72,110)	(82,097)	(69,250)	(67,608)	(81,419)	(36,896)	3,980	11,400	13,599	5,595	(14,948)
16. Interest Rate 1st Day of Month	0.05940	0.05810	0.05800	0.05810	0.05400	0.05330	0.05500	0.05400	0.05400	0.05520	0.05450	0.05400
17. Interest Rate 1st Day of Subsequent Month	0.05810	0.05800	0.05810	0.05400	0.05330	0.05500	0.05400	0.05400	0.05520	0.05450	0.05400	0.05440
18. Total (L16 + L17)	0.11750	0.11610	0.11610	0.11210	0.10730	0.10830	0.10900	0.10800	0.10920	0.10970	0.10850	0.10840
19. Average (50% of L18)	0.05875	0.05805	0.05805	0.05605	0.05365	0.05415	0.05450	0.05400	0.05460	0.05485	0.05425	0.05420
20. Monthly Average (L19/12)	0.00490	0.00484	0.00484	0.00467	0.00447	0.00451	0.00454	0.00450	0.00455	0.00457	0.00452	0.00452
21. Interest Provision (L15 x L20)	(269)	(349)	(397)	(323)	(302)	(367)	(168)	18	52	62	25	(68)

\*\* if L5 is a refund add to L4  
 if L5 is a Collection ( ) Subtract from L4

Conclusion

Source St. Joe Natural Gas Company Filings  
 Recalculated by Auditor

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 20, 1996

Mr. Stuart L. Shoaf  
St. Joe Natural Gas Company  
Post Office Box 549  
Port St. Joe, Florida 32457-0549

RE: Docket No. 960003-GU -- St. Joe Natural Gas Company  
PGA Audit Report - Period September 30, 1996  
Audit Control # 96-151-1-1

Dear Mr. Shoaf:

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,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn, Chief  
Bureau of Records

KF/cls  
Enclosure  
cc: Public Counsel  
Holland Law Firm