

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED SEPTEMBER 30, 1997

FIELD WORK COMPLETED

DECEMBER 6, 1997

ST. JOE NATURAL GAS COMPANY

PORT ST. JOE, FLORIDA

GULF COUNTY

PURCHASED GAS ADJUSTMENT AUDIT

DOCKET NUMBER - 970003-GU

AUDIT CONTROL NUMBER 97-160-1-1

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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 970003-GU for the twelve month period ended September 30, 1997, 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.

**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 auditing standards and produce audited financial statements for public use.

**OPINION:** The Purchased Gas Adjustment exhibit for the twelve months period ended September 30, 1997 represents 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 PGA dollar revenues and PGA Therms from billing documents, and traced revenues to the utility's PGA filing. Researched the utility's rates and compared them to FPSC's approved PGA factors including taxes as set forth in Commission Orders No. PSC-96-0323-FOF-GU, PSC-97-0292-FOF-GU, and PSC-97-0090-FOF-GU. Recalculated Revenues.

**EXPENSES:** Compiled PGA costs from each invoice to the utility's books and records, and then traced costs to the utility's PGA Filing. Recalculated Costs.

**OTHER:** Traced true-up and interest amounts to the General Ledger. Verified the correct beginning balance of true-up. Verified that the correct interest rates were applied to under/over recovered amounts for the twelve months ended September 30, 1997. Recalculated True-up and Interest amounts.

St. Joe Natural Gas PGA Audit Calculations of Revenue, Cost, and True-up Prepared by: Mark Cauth							SUB-TOTAL FOR SIX MONTHS						SUB-TOTAL FOR SIX MONTHS		TOTAL FOR YEAR
	Oct 97 Month 1	Nov 97 Month 2	Dec 97 Month 3	Jan 98 Month 4	Feb 98 Month 5	Mar 98 Month 6	Apr 97 Month 7	May 97 Month 8	Jun 97 Month 9	Jul 97 Month 10	Aug 97 Month 11	Sep 97 Month 12			
<b>REVENUE SECTION</b>															
NET REVENUES	\$36,960.00	\$72,854.00	\$138,779.00	\$224,659.00	\$176,421.00	\$154,793.00	\$777,447.00	\$513,448.00	\$243,886.00	\$187,063.00	\$141,464.00	\$66,298.00	\$115,071.00	\$1,988,356.00	\$1,362,476.00
<b>COST SECTION</b>															
Commodity pipeline	\$3,377.83	\$4,169.78	\$5,096.81	\$5,167.58	\$4,230.22	\$4,352.18	\$26,394.37	\$3,888.10	\$1,730.62	\$1,514.85	\$1,572.30	\$1,533.36	\$1,439.38	\$11,677.62	\$36,281.99
Demand	\$94,484.81	\$75,204.50	\$79,824.18	\$79,544.74	\$85,539.31	\$91,394.88	\$476,142.39	\$163,871.00	\$162,476.34	\$157,236.18	\$116,701.85	\$35,248.40	\$33,382.33	\$888,415.10	\$1,143,557.71
Other	\$3,179.35	\$1,788.38	\$0.00	\$2,358.64	\$889.05	\$0.00	\$8,194.45	\$891.88	\$8,620.28	\$3,246.75	\$0.00	\$7,423.63	\$0.00	\$16,928.70	\$23,225.10
Less: Btu - use commodity	\$3,091.03	\$2,893.23	\$3,284.74	\$3,284.74	\$2,788.23	\$3,284.88	\$16,377.46	\$3,297.88	\$1,427.51	\$1,352.10	\$1,427.51	\$1,427.51	\$1,352.10	\$8,284.70	\$28,342.10
Less: Btu - use demand	\$21,333.38	\$20,579.58	\$20,988.85	\$20,988.41	\$18,679.11	\$24,279.43	\$128,720.45	\$23,481.87	\$21,458.38	\$20,763.81	\$21,458.38	\$21,458.38	\$20,763.81	\$138,387.31	\$258,107.76
Less: Btu - use other					\$361.87		\$361.87	\$2,891.17		\$2,882.52				\$5,573.68	\$8,215.38
Transportation Cost	\$79,289.35	\$54,384.11	\$59,819.38	\$57,763.50	\$47,324.82	\$57,523.11	\$347,634.25	\$144,820.10	\$141,343.25	\$132,488.49	\$82,164.56	\$13,718.31	\$5,872.81	\$530,405.89	\$677,628.05
Purchased Gas Cost	\$19,389.00	\$84,891.00	\$180,538.00	\$180,382.00	\$127,825.00	\$122,407.00	\$734,140.00	\$80,473.00	\$88,844.00	\$28,319.00	\$1,793.00	\$21,428.82	\$13,259.36	\$241,317.28	\$975,467.28
<b>TOTAL COST</b>	<b>\$15,856.35</b>	<b>\$176,256.12</b>	<b>174,242.38</b>	<b>\$245,505.12</b>	<b>\$176,748.32</b>	<b>\$180,230.11</b>	<b>\$1,261,574.26</b>	<b>\$288,222.10</b>	<b>\$211,187.15</b>	<b>\$181,205.49</b>	<b>\$138,387.35</b>	<b>\$35,142.23</b>	<b>\$19,132.17</b>	<b>\$771,722.37</b>	<b>\$1,383,287.23</b>
<b>TRUE-UP SECTION</b>															
Costs - Revenue section above - Cost section above	\$57,448.35	\$94,366.10	\$146,890.36	\$211,407.33	\$152,151.18	\$134,447.11	\$206,127.26	\$176,705.30	\$126,858.48	\$126,277.53	\$127,326.45	\$100,888.77	\$86,288.93	\$2,132,038.38	\$1,238,777.77
True-up Allocation (Collected) or Refunded	\$7,871.00	\$7,871.00	\$7,871.00	\$7,871.00	\$7,871.00	\$7,871.00	\$47,235.00	\$28,888.00	\$28,888.00	\$28,888.00	\$28,888.00	\$28,888.00	\$28,888.00	\$178,576.00	\$228,888.00
Monthly Payment of True-up	\$69,579.35	\$102,237.10	\$154,761.36	\$219,278.33	\$160,022.18	\$142,318.11	\$253,362.26	\$205,593.30	\$155,746.48	\$155,165.53	\$156,214.45	\$129,776.77	\$115,176.93	\$2,310,614.38	\$1,467,665.77
Intercompany	\$240.00	\$211.00	\$1,282.00	\$1,428.00	\$1,463.00	\$1,329.00	\$8,134.00	\$1,473.00	\$1,347.00	\$1,215.00	\$884.00	\$882.00	\$337.00	\$8,512.00	\$11,848.00
Begin Balance of True-up Interest	\$28,248.00	\$79,638.00	\$148,848.45	\$208,358.85	\$213,281.33	\$211,583.10	\$1,188,537.11	\$338,560.25	\$288,779.30	\$230,218.67	\$208,158.28	\$176,513.85	\$124,317.00	\$1,254,485.80	\$2,338,627.77
Payment of Allocation	\$7,871.00	\$7,871.00	\$7,871.00	\$7,871.00	\$7,871.00	\$7,871.00	\$47,235.00	\$28,888.00	\$28,888.00	\$28,888.00	\$28,888.00	\$28,888.00	\$28,888.00	\$178,576.00	\$228,888.00
True-up Ending Balance	\$1,278.35	\$148,348.10	\$298,359.45	\$506,639.85	\$515,382.33	\$513,712.10	\$2,435,772.21	\$209,772.25	\$259,991.30	\$201,330.67	\$176,513.85	\$147,625.80	\$115,429.00	\$1,473,061.80	\$2,567,515.77

2014 Year Interest Data PDR Audit Calculation of True-up Base, Interest, and True-up Amount Prepared by: Mark Gault							INTEREST CALCULATIONS NEXT 6 MONTHS PDR						INTEREST CALCULATIONS NEXT 6 MONTHS PDR						TOTAL INTEREST FOR 12 MONTHS PDR
	Q1/14 Month 1	Q2/14 Month 2	Q3/14 Month 3	Q4/14 Month 4	YTD/14 Month 4	YTD/14 Month 6	Y/14 Month 7	Y/14 Month 8	Y/14 Month 9	Y/14 Month 10	Y/14 Month 11	Y/14 Month 12							
<b>Section 1 - True-up base</b>																			
Monthly Beginning Balance True-up	\$18,248.00	\$1,340.33	\$146,847.54	\$286,558.66	\$513,382.25	\$571,554.34	\$288,511.26	\$281,773.31	\$291,222.30	\$225,158.55	\$174,314.85	\$124,320.95							
Monthly Ending Balance True-up including interest	\$79,897.00	\$146,327.00	\$287,127.00	\$511,388.00	\$570,141.00	\$557,301.00	\$288,395.00	\$283,175.00	\$294,144.00	\$173,433.00	\$123,439.00	\$78,460.00							
Sum (Begin + Subsequent interest)	\$98,145.00	\$232,677.33	\$434,174.54	\$800,526.66	\$1,083,523.25	\$1,128,855.34	\$576,906.26	\$564,948.31	\$585,366.30	\$398,591.55	\$297,754.85	\$192,780.95							
<b>Average (Sum/6) True-up Base</b>	\$163,872.50	\$114,126.89	\$277,187.27	\$500,282.50	\$571,796.42	\$524,277.67	\$289,432.62	\$285,423.85	\$297,184.16	\$198,396.17	\$148,173.82	\$97,381.47							
<b>Section 2 - Interest rate</b>																			
FPC Interest Rate/Rate Date Month Annualized	1.56%	1.55%	1.56%	1.55%	1.56%	1.56%	1.55%	1.56%	1.56%	1.55%	1.55%	1.55%							
Utility Interest rate Current Month Annuitant	1.56%	1.55%	1.56%	1.55%	1.56%	1.56%	1.55%	1.56%	1.56%	1.55%	1.55%	1.55%							
Utility - Interest rate Subsequent Month Annuitant	1.55%	1.56%	1.55%	1.56%	1.56%	1.55%	1.56%	1.56%	1.55%	1.55%	1.55%	1.55%							
Sum (Current + Subsequent Annuitant Average (Sum/2) Annuitant	1.56%	1.55%	1.56%	1.55%	1.56%	1.55%	1.55%	1.56%	1.56%	1.55%	1.55%	1.55%							
<b>Monthly Average Interest Rate Avg/12</b>	1.56%	1.55%	1.56%	1.55%	1.56%	1.56%	1.55%	1.56%	1.56%	1.55%	1.55%	1.55%							
<b>Section 3 - Interest rate amount</b>																			
(True-up Base (Section 1) Interest Rate (Section 2))																			
Average True-up Base (from Section 1)	\$163,872.50	\$114,126.89	\$277,187.27	\$500,282.50	\$571,796.42	\$524,277.67	\$289,432.62	\$285,423.85	\$297,184.16	\$198,396.17	\$148,173.82	\$97,381.47							
Monthly Average Interest Rate (from Section 2)	1.56%	1.55%	1.56%	1.55%	1.56%	1.56%	1.55%	1.56%	1.56%	1.55%	1.55%	1.55%							
<b>Interest Amount (Monthly Average Interest Rate X Average True-up)</b>	\$253.30	\$201.34	\$431,011.84	\$751,428.25	\$891,413.24	\$713,528.40	\$447,147.21	\$447,147.20	\$447,147.20	\$297,147.20	\$221,258.40	\$146,320.95	\$1,134.30			\$1,134.30			
<b>Section 4 - Reconciliation of True-up &amp; Interest to Utility Bill</b>																			
Interest Amount (from Section 3)	\$253.30	\$201.34	\$431,011.84	\$751,428.25	\$891,413.24	\$713,528.40	\$447,147.21	\$447,147.20	\$447,147.20	\$297,147.20	\$221,258.40	\$146,320.95							
Monthly Ending Balance True-up including interest (from Section 1)	\$79,897.00	\$146,327.00	\$287,127.00	\$511,388.00	\$570,141.00	\$557,301.00	\$288,395.00	\$283,175.00	\$294,144.00	\$173,433.00	\$123,439.00	\$78,460.00							
<b>True-up to Utility Bill</b>	\$79,743.70	\$146,125.66	\$286,935.66	\$511,282.25	\$570,044.34	\$557,154.60	\$288,147.79	\$282,957.80	\$293,996.80	\$173,285.80	\$123,287.60	\$78,306.05							

STATE OF FLORIDA

Commissioners:  
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DIANE K. KIESLING  
JOE GARCIA



DIVISION OF RECORDS & REPORTING  
BLANCA S. BAYO  
DIRECTOR  
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**Public Service Commission**

December 22, 1997

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

Re: Docket No. 970003 - GU - St. Joe Natural Gas Company, Inc.  
PGA Audit Report - Period Ended September 30, 1997  
Audit Control # 97-160-1-1

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/cl  
Enclosure  
cc: Public Counsel