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Public Service Commission

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RECORDS AND REPORTING

DATE: January 22, 2001
TO: Division of Competitive Services (CMP) - Makin
FROM: Division of Regulatory Oversight (Vandiver) *W*
RE: Docket No. 000003-GU; City Gas Company of Florida
 Compete Audit Report (Includes Declassified Pages)
 Audit Report; PGA - Period Ended December 31, 1999
 Audit Control No. 00-003-4-3

The staff audit report for this docket was issued September 11, 2000. Pages 3 through 9 were withheld pending a determination of confidentiality. These Pages have been declassified. The complete audit report is attached for your information.

DNV/sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)
 Miami District Office (Welch)
 ✓ Division of Records and Reporting
 Division of Legal Services

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FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*

Miami District Office

CITY GAS COMPANY OF FLORIDA
PURCHASED GAS ADJUSTMENT AUDIT
PERIOD ENDED DECEMBER 31, 1999

AUDIT CONTROL NO. 00-003-4-3

DOCKET NO. 000003-GU

A handwritten signature in cursive script, reading "Ruth K. Young".

Ruth K. Young, Audit Manager

A handwritten signature in cursive script, reading "Iliana Piedra".

Iliana Piedra, Professional Accounting Specialist

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**DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT**

September 5, 2000

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Purchased Gas Adjustment Schedule for the year ending December 31, 1999. These schedules were prepared by the utility as part of its Purchased Gas Adjustment true-up filings in Docket No. 000003-GU.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should 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 audited financial statements for public use.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

Confirmed - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

Verify - The item was tested for accuracy and compared to substantiating documentation.

Revenues: The revenue amounts on the A-2 schedules were compared with the company reconciliation schedules. Traced revenues and terms to billing system summaries. Determined if the rates charged were over the cap. Recalculated customer bills for each rate class.

Expenses: Compiled cost of gas expenses for the 12-months ending December 31, 1999. Compared the cost of gas according to the A-2 schedules to the documentation supporting the A-2 schedules and the general ledger for all months. Examined on a judgmental basis invoices for the purchase of gas. Where the parent company allocated a portion of the gas invoice to City Gas, the allocation percents were traced to appropriate documentation. Off-system sales were examined on a judgmental basis to determine if the correct amounts were deducted from the cost of gas. Margin sharing for off-system sales was recalculated on a random basis.

True-up and Interest: Recalculated the true-up and interest amount for the 12-months ending December 31, 1999. Traced interest rates to the Wall Street Journal.

AUDIT EXCEPTION 1

SUBJECT: REVENUES

STATEMENT OF FACTS: Revenues for the months of January and February 1999 reported on the A-2 schedule do not agree with the company documentation.

The regulatory assessment fee is included in the rate per therm billed to the customers. The company included .5% in the rate per therm when billing the customer as stated in Rule 25-7.0101(a) Florida Administrative Code. When calculating the revenue to include on the A-2 schedule for the month of January and February, the company reduced the actual revenue billed to the customers for .375% instead of the .5% actually billed to the customer.

In February another error occurred. One of the revenue cycles that was accrued in the billing register was not included in the PGA filing. The company explained that when preparing the A-2 schedule, a billing cycle was left off.

The differences follow:

	<u>Schedule A-2</u>	<u>Based on Actual Company Documentation</u>	<u>Difference</u>
January 1999	2,014,309	2,011,780	(2,529)
February 1999	2,191,454	2,307,597	113,052

RECOMMENDATION: The revenue for January and February 1999 should be corrected on the A-2 schedules by decreasing January revenue in the amount of \$2,529 and increasing February revenue in the amount of \$113,052. A revised A-2 schedule is included in the exhibit section of this report. This revised schedule also includes the other audit exceptions.

AUDIT EXCEPTION 2

SUBJECT: COST OF GAS

STATEMENT OF FACTS: When comparing the cost of gas on the A-2 schedules submitted to the Commission for the year end December 31, 1999 with the general ledger, it was determined that there were discrepancies for eight of the 12 months. Discrepancies were also found when comparing the A-2 schedules with the supporting documents filed with the Commission. Because of all the differences, the A-2 schedules were disregarded and the amounts in the general ledger were used to audit. When the amounts in the general ledger were verified, an adjustment was made to the A-2 cost of gas to agree with the general ledger.

Staff determined the differences that are detailed on the schedule following this exception.

1. January, April, July, October and November 1999

For the months of January, April, July, October and November, the company could not explain why the general ledger was different than the amounts submitted on the A-2 schedules, and in some cases different than the amounts on the supporting documents filed with the Commission.

2. February 1999

The general ledger reflects a lower cost of gas than the A-2 schedule for the month of February 1999. In the A-2 schedule, the company included two items that were not booked to the general ledger. The first item was for the difference between the amount accrued on the A-2 and the amount that the company believed should be accrued from the Energy Management System.

<u>Amount Accrued in the General Ledger</u>	<u>Amount included in the A-2</u>	<u>Difference</u>
87,059.16	89,720.25	2,661.09
<u>354,902.77</u>	<u>496,509.47</u>	<u>141,606.70</u>
441,961.93	586,229.72	144,267.79

The amount of \$441,961.93 was reversed in the general ledger the next month. The same amount was reversed on the A-2 even though \$586,229.72 was accrued on the A-2. By the company adding \$144,267.93 to the cost of gas on the A-2 in February, it will be reflected in February and March. Therefore, the cost of gas is overstated by \$144,267.93.

Also added to the A-2 cost of gas was \$187,758.76 for gas taken from storage in February 1999. This amount was never booked to the general ledger in the year 1999 or 2000 to

date. As this transaction actually occurred, it should be included in the cost of gas on the A-2.

The total difference as seen on the attached schedule is \$333,362.37. The above two items account for \$332,026.55. The A-2 is still higher than the general ledger in the amount of \$1,335.82. The reason for this could not be determined. The total of the \$144,267.93 and \$1,335.82 is \$145,603.75.

The filing is prepared from the Energy Management System (EMS) data rather than from the general ledger. The EMS is continually updated for changes, while the general ledger is not updated until the next month. Therefore, if the filing is prepared after the books are closed, then the filing and the general ledger will be different.

3. March 1999

The difference in the month of March was explained and resolved. The company representative explained that there was a formula error when completing the documentation to include the cost in A-2. A review of the documentation confirmed that there was a formula error. The general ledger is correct. The cost of gas on the A-2 schedule should be increased by \$160,960.97

4. December 1999

When the company reduced the cost of gas for the off system sales, it made a journal entry in December as follows:

Dr. Off System Sales 800400	4,021,836.25	
Cr. Cost of Gas 800710		4,021,836.25

Entry to removed the cost of gas for off system sales from the cost account..

According to the company the journal entry should have been:

Dr. Off System Sales 800400	4,021,836.25	
Cr. Cost of Gas 800710		3,571,585.25
Cr. Inventory		450,251.00

This has the effect of increasing the cost of gas. Therefore, the increase of 450,251 on the A-2 schedule.

The A-2 schedule shows a cost of gas that is \$450,251 higher than the general ledger. The A-2 schedule was changed in December. There was not a journal entry to the general ledger until January, 2000 . The journal entry in January was:

Dr. Cost of Gas 800710	366,710.80	
Cr. Inventory		366,710.80

The amount added to the A-2 in December 1999 is \$83,540.20 higher than the actual booked in January 2000. Also, there is a remaining difference between the general ledger and the A-2 in the amount of \$19.74. The A-2 is higher by this amount. This could not be explained by the company. The total difference is 83,559.94

RECOMMENDATIONS:

1. January, April, July, October and November

Where the company could not explain the differences, the A-2 schedules were adjusted to agree with the general ledger amounts which were audited. The differences as noted on the attached schedule are \$16,494.58, \$22,061.20, (\$2,704.17), \$5,132.88, and (\$15,322.15) for January, April, July, October and November respectively. The net impact is an increase to the cost of gas in the amount of \$25,662.34. See the schedule following this exception.

2. February 1999

The cost of gas on the A-2 should be reduced in the amount of \$144,267.93 for items that are already included in March 1999 costs. The inexplicable difference of \$1,335.82 should also be reduced from the A-2 costs in order to agree with the general ledger.

The company should make every effort to either prepare the filings from the general ledger or to keep a reconciliation of the filings prepared from the Energy Management System to the general ledger for each month. There needs to be a clear audit trail. Also, any changes to the A-2 that do not agree with the general ledger should be detailed and a clear reconciliation with the general ledger kept.

3. March 1999

The cost of gas on the A-2 should be increased in the amount of \$160,960.61 because of formula errors. The company should make every effort to review the formulas used in its filings to make sure there are no future errors.

4. December 1999

The cost of gas on the A-2 schedule should be reduced in the amount of \$83,559.94. The company should also make sure that the \$366,710.80 booked in January 2000 (366,710.80) for December 99 is not included in its January 2000 filing. The filings should not be changed without keeping a reconciliation or without booking an entry in the month the filing is changed. A clear audit trail needs to be maintained. Changing the filing and not the general ledger until the next month without a reconciliation could lead to reporting the same invoices in both months.

5. The schedule accompanying this exception details the adjustments to the cost of gas by month. A revised A-2 schedule is prepared as an exhibit to this report and includes all other audit exceptions.

COMPANY:
TITLE:

CITY GAS CO.
RECONCILIATION OF A-2 SCHEDULES WITH THE GENERAL LEDGER

PERIOD:
DATE:

YEAR END 12/31/99
September 5, 2000

	Column (1)	Column (2)	Column (3) (1) - (2)	Column (4)	Column (5) (4)-(3)	Column (6) Note B (Plus)/ Minus (Gain) or loss on Margin Sharing Account 191022 per G/L	Column (7) (5) - (6)	Column (8)	Column (9) (7)-(8)
	Off System Sales General Ledger Balance EOM Account 800400	Note A Futures General Ledger Balance EOM Account 830000		Note C Total Cost of Gas Per G/L 800 accounts	Cost of Gas Less Off System = Cost of Gas Before Margin Sharing per G/L		Cost of Gas per G/L to include on Schedule A-2	Cost of Gas on Schedule A-2	Difference between G/L and A-2 G/L is Higher (Lower)
1999									
Jan	450,876.59	(33,867.00)	417,009.59	2,841,337.31	2,424,327.72	(25,800.14)	2,398,527.58	2,382,033.00	16,494.58
Feb	732,848.33	(22,522.00)	710,326.33	2,478,124.79	1,767,798.46	(25,323.83)	1,742,474.63	2,075,837.00	(333,362.37)
March	1,032,383.29	(5,254.00)	1,027,129.29	3,356,826.71	2,329,697.42	(13,002.45)	2,316,694.97	2,155,734.00	160,960.97
April	1,470,758.11	(6,106.00)	1,464,652.11	3,288,861.21	1,824,209.10	(33,259.90)	1,790,949.20	1,768,888.00	22,061.20
May	2,163,039.48	0.00	2,163,039.48	3,718,791.43	1,555,751.95	(64,585.41)	1,491,166.54	1,491,167.00	(0.46)
June	1,458,552.15	0.00	1,458,552.15	3,009,375.61	1,550,823.46	(47,251.50)	1,503,571.96	1,503,573.00	(1.04)
July	1,887,440.86	(400.00)	1,887,040.86	3,711,292.41	1,824,251.55	(83,370.72)	1,740,880.83	1,743,585.00	(2,704.17)
Aug	2,355,929.98	0.00	2,355,929.98	4,132,424.60	1,776,494.62	(131,616.04)	1,644,878.58	1,644,878.00	0.58
Sept	2,271,002.69	0.00	2,271,002.69	4,098,351.16	1,827,348.47	(124,490.87)	1,702,857.60	1,702,857.00	0.60
Oct	2,474,748.15	0.00	2,474,748.15	4,469,631.91	1,994,883.76	(69,890.88)	1,924,992.88	1,919,860.00	5,132.88
Nov	3,773,362.88	0.00	3,773,362.88	6,149,047.13	2,375,684.25	(104,466.40)	2,271,217.85	2,286,540.00	(15,322.15)
Dec	4,080,187.08	0.00	4,080,187.08	6,363,086.58	2,282,899.50	(47,399.24)	2,235,500.26	2,685,771.00	(450,270.74)
	24,151,129.59	(68,149.00)	24,082,980.59	47,617,150.85	23,534,170.26	(770,457.38)	22,763,712.88	23,360,723.00	(597,010.12)

Note A

Gain on Futures is a credit to cost of gas (reduces cost of gas to the customer)
 Loss on futures is a debit to cost of gas (increases cost of gas to customer)
 Futures are accounted for in the following manner:
 Total gain on futures is a credit to 830000 and a debit to an intercompany broker account.
 Then it is divided in half and if it is a gain 1/2 is debited to 800400 and the other half is to 191022.
 If a loss occurs the reverse journal entries are used.

Note B

Gain on Margin share is a credit to cost of gas (reduces cost of gas to the customer)
 Loss in margin share is a debit to cost of gas (increases cost of gas to customer)

Note C

Comprised of accounts 800400, 800640, 80700, 800710, 800720, and 830000

Differences
Explained on
Next Page

COMPANY: CITY GAS CO.
 TITLE: RECONCILIATION OF A-2
 SCHEDULES WITH THE G/L
 PERIOD: YEAR END 12/3199
 DATE: September 5, 2000

1999	Column (9) (7)-(8) Difference between G/L and A-2 G/L is Higher (Lower)	Column (10) Explanation of Differences	Column (11) Differences that are documented and reasonable on A-2	Column (12) Remaining Differences to Dr (Cr) to Gas cost on A-2 to agree with G/L
Jan	16,494.58	Note E	0.00	16,494.58
Feb	(333,362.37)	Note G	(187,758.76)	(145,603.61)
March	160,960.97	Note F	0.00	160,960.97
April	22,061.20	Note E	0.00	22,061.20
May	(0.46)	Note E	0.00	(0.46)
June	(1.04)	Note E	0.00	(1.04)
July	(2,704.17)	Note E	0.00	(2,704.17)
Aug	0.58	Note E	0.00	0.58
Sept	0.60	Note E	0.00	0.60
Oct	5,132.88	Note E	0.00	5,132.88
Nov	(15,322.15)	Note E	0.00	(15,322.15)
Dec	(450,270.74)	Note D	(366,710.80)	(83,559.94)
	(597,010.12)		(554,469.56)	(42,540.56)

Note D Reduced cost of gas for a portion of off system sales.

Note E Company could not explain difference, possibly formula errors on the A-2 and the back up documentation submitted with the A-2. Adjust cost of gas to agree with general ledger.

Note F Company had formula error on A-2.

Note G Adjust cost of gas for gas taken out of storage.

AUDIT EXCEPTION 3

**SUBJECT: ADJUSTMENTS FROM LAST PSC AUDIT FOR
 THE NINE MONTHS ENDED DECEMBER 31, 1998**

STATEMENT OF FACTS: Staff's last audit of the PGA included nine months ended December 31, 1998. In that audit report dated June 18, 1999, adjustments were made to the ending period true-up. In preparing the 1999 schedules, the company did not record the adjustments from the last audit. There were three exceptions that impacted the final overrecovery at 12/31/98. Two adjustments were to the cost of gas and the third was to correct an interest rate used by the company.

The net effect is a decrease in the company calculated overrecovery by \$46,951 including interest. This changed the overrecovery from \$2,754,582 to \$2,707,631.

RECOMMENDATION: This change is included in the revised true up schedule in the exhibit section of this report.

AUDIT EXCEPTION 4

SUBJECT: BOOKS AND RECORDS

STATEMENT OF FACTS: Because of the errors found and detailed in Audit Exceptions 1 through 3, the staff recommends the following.

The company should be advised to review all the schedules submitted for the year 2000 to date and prepare any reconciliations and/or revised schedules necessary. When the first six months are completed, staff should be advised and a preliminary audit for 2000 should be performed.

EXHIBITS

1. Company filed A-2 schedule for the 12 months ended December 31, 1999
2. Staff revised A-2 schedule for Exceptions 1, 2, and 3 for the 12 months ended December 31, 1999

Question 3 December

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2 (REVISED 6/08/94) PAGE 4 OF 11			
CITY GAS COMPANY OF FLORIDA		FOR THE PERIOD OF:		JANUARY 99 Through DECEMBER 99					
	CURRENT MONTH: 12/99		DIFFERENCE		PERIOD TO DATE		DIFFERENCE		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
	ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%	
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Flx down line 4+6)	1,352,916	1,603,243	250,327	15.61%	11,873,626	13,955,954	2,082,328	14.92%
2	TRANSP GAS COST (Sch A-1 Flx down line 1+2+3+5)	1,332,855	952,218	(380,637)	-39.97%	11,487,097	11,121,324	(365,773)	-3.29%
3	TOTAL	2,685,771	2,555,461	(130,310)	-5.10%	23,360,723	25,077,278	1,716,555	6.85%
4	FUEL REVENUES (Sch A-1 Flx down line 14) (NET OF REVENUE TAX)	1,771,150	2,549,015	777,865	30.52%	21,224,474	25,312,373	4,087,899	16.15%
5	TRUE-UP (COLLECTED) OR REFUNDED	136,071	136,071	-	0.00%	1,632,896	1,632,896	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,907,221	2,685,086	777,865	28.97%	22,857,370	26,945,269	4,087,899	15.17%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(778,550)	129,625	908,175	700.62%	(503,353)	1,867,991	2,371,344	126.95%
8	INTEREST PROVISION-THIS PERIOD (21)	5,605	8,068	2,463	30.53%	135,337	138,743	3,406	2.45%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,662,686	2,626,826	964,140	36.70%	2,754,582	2,754,582	-	0.00%
9A	ADJUST BEGINNING ESTIMATE	-	(888,535)	(888,535)	100.00%	-	(1,388,507)	(1,388,507)	100.00%
9B	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,662,686	1,738,291	75,605	4.35%	2,754,582	1,366,075	(1,388,507)	-101.64%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(136,071)	(136,071)	-	0.00%	(1,632,896)	(1,632,896)	-	0.00%
10a	Refund (if applicable)	-	-	-	---	-	-	-	---
10b	Refund of interim rate increase	-	-	-	---	-	-	-	---
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9b+10+10a)	753,670	1,739,913	986,243	56.68%	753,670	1,739,913	986,243	56.68%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9b)	1,662,686	1,738,291	75,605	4.35%				
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	748,065	1,731,845	983,780	56.81%				
14	TOTAL (12+13)	2,410,752	3,470,136	1,059,384	30.53%				
15	AVERAGE (50% OF 14)	1,205,376	1,735,068	529,692	30.53%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.05550	0.05550	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05600	0.05600	-	0.00%				
18	TOTAL (16+17)	0.11150	0.11150	-	0.00%				
19	AVERAGE (50% OF 18)	0.05575	0.05575	-	0.00%				
20	MONTHLY AVERAGE (19/12 Months)	0.00465	0.00465	-	0.00%				
21	INTEREST PROVISION (15x20)	5,605	8,068	2,463	30.53%				

* If line 5 is a refund add to line 4
If line 5 is a collection () subtract from line 4

-13-

Company CITY GAS CO
 Title: True-up & Interest Calculations
 Period: Year Ended 12/31/99
 Date: September 5, 2000

REVISED FOR AUDIT EXCEPTIONS 1, 2, AND 3

Interest Rates per Wall Street Journal Commercial Paper

Interest- first day reporting	January	4.9000%
	February	4.8100%
	March	4.8500%
	April	4.8800%
	May	4.8000%
	June	4.8500%

Interest Rates per Wall Street Journal Commercial Paper

Interest- first day reporting	July	5.0500%
	August	5.1000%
	September	5.3200%
	October	5.3000%
	November	5.3000%
	December	5.5500%

Interest- first day reporting of subsequent month
 INTEREST RATES

Interest- first day reporting of subsequent month
 5.6000%

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Beginning	4.900%	4.810%	4.850%	4.880%	4.800%	4.850%	5.05%	5.10%	5.32%	5.30%	5.30%	5.55%	
Ending	4.810%	4.850%	4.880%	4.800%	4.850%	5.060%	5.10%	5.32%	5.30%	5.30%	5.55%	5.60%	
Total	9.710%	9.660%	9.730%	9.680%	9.650%	9.900%	10.150%	10.420%	10.620%	10.600%	10.850%	11.150%	
Average	4.855%	4.830%	4.865%	4.840%	4.825%	4.950%	5.075%	5.210%	5.310%	5.300%	5.425%	5.575%	
Monthly Average	0.405%	0.403%	0.405%	0.403%	0.402%	0.413%	0.423%	0.434%	0.443%	0.442%	0.452%	0.465%	
CALCULATION OF TRUE-UP													
Total Gas revenues	2,014,309	2,194,545	2,320,479	1,919,843	1,728,079	1,832,960	1,635,139	1,383,636	1,422,377	1,425,247	1,576,710	1,771,150	21,224,474
Audit Exception 1	(2,529)	113,052	0	0	0	0	0	0	0	0	0	0	110,523
Prior True-up - Note (a)	136,075	136,075	136,075	136,075	136,075	136,075	136,075	136,075	136,075	136,075	136,075	136,075	1,632,898
Adj Total gas revenues to current	2,147,855	2,443,672	2,456,554	2,055,918	1,864,154	1,969,035	1,771,214	1,519,711	1,558,452	1,561,322	1,712,785	1,907,225	22,967,895
Gas Cost	2,382,033	2,078,837	2,155,734	1,768,888	1,491,167	1,503,573	1,743,585	1,644,878	1,702,857	1,919,860	2,286,540	2,685,771	23,360,723
Audit Exception 2	16,495	(145,604)	160,961	22,061	0	0	(2,704)	0	0	5,133	(15,322)	(83,560)	(42,540)
Adjusted Total Gas Cost current	2,398,528	1,930,233	2,316,695	1,790,949	1,491,167	1,503,573	1,740,881	1,644,878	1,702,857	1,924,993	2,271,218	2,602,211	23,318,183
True-up this period	(250,673)	513,438	139,859	264,968	372,987	465,462	30,333	(125,167)	(144,405)	(363,671)	(558,433)	(694,986)	(350,288)
Interest provision	10,172	10,142	11,029	11,285	12,030	13,560	14,432	14,082	13,216	11,527	9,151	5,903	136,630
True-up & Interest beginning Note (b)	2,754,582	2,331,056	2,718,561	2,733,374	2,873,653	3,122,495	3,465,442	3,374,132	3,126,973	2,859,709	2,371,490	1,686,133	2,754,582
Audit Exception 3	(46,961)	0	0	0	0	0	0	0	0	0	0	0	(46,961)
Adj True-up Interest Beginning	2,707,631	2,331,056	2,718,561	2,733,374	2,873,553	3,122,495	3,465,442	3,374,132	3,126,973	2,859,709	2,371,490	1,686,133	2,707,631
Prior true-up coll. refunded	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(136,075)	(1,632,896)
Rate Case Refund Balance													
Total net true-up	2,331,056	2,718,561	2,733,374	2,873,553	3,122,495	3,465,442	3,374,133	3,126,973	2,859,709	2,371,490	1,686,133	860,975	Underrecovery
True-up for the month CO FILING	2,397,269	2,828,877	2,701,185	2,883,330	3,112,229	3,456,150	3,361,090	3,113,868	2,846,561	2,363,437	1,662,686	753,665	860,977
Difference	(66,213)	192,684	32,189	10,223	10,266	10,292	13,043	13,105	13,148	8,053	23,447	107,310	107,312
CALCULATION OF INTEREST													
Beginning true up and int.	2,707,631	2,331,056	2,718,561	2,733,374	2,873,553	3,122,495	3,465,442	3,374,132	3,126,973	2,859,709	2,371,490	1,686,133	
Ending true-up before int	2,320,883	2,708,419	2,722,345	2,862,268	3,110,465	3,451,882	3,369,700	3,112,890	2,846,493	2,359,963	1,676,982	855,072	
Total	5,028,514	5,039,475	5,440,907	5,595,643	5,984,018	6,574,377	6,825,142	6,487,023	5,973,466	5,219,672	4,048,472	2,541,205	
Average true up	2,514,257	2,519,737	2,720,453	2,797,821	2,992,009	3,287,189	3,412,571	3,243,511	2,986,733	2,609,836	2,024,236	1,270,603	
Interest rate per above	0.40%	0.40%	0.41%	0.40%	0.40%	0.41%	0.42%	0.43%	0.44%	0.44%	0.45%	0.46%	
Interest per staff	10,172	10,142	11,029	11,285	12,030	13,560	14,432	14,082	13,216	11,527	9,151	5,903	136,630
True-up for the month per Company	10,411	9,900	10,563	11,190	11,987	13,534	14,386	14,020	13,173	11,463	9,070	5,590	135,267
	(239)	242	466	95	43	26	46	62	43	64	81	313	1,243

Source: Company prepared schedule A-2

NOTE A THE PRIOR TRUE UP AMOUNT SHOWN ABOVE WAS TRACED TO THE LAST 12 month period
 Order No. 98-1542-FOF-GU. \$1,632,896 divide by 12 = 136,074.67.

NOTE B. THE TRUE UP AND INTEREST BEGINNING TOTAL AMOUNT OF WAS TRACED
 TO LAST SIX MONTH PERIOD FILING - ENDING TRUE UP DOCKET 980003-GU
 AFAD NO. 99-042-4-1 Exceptions were noted in the report
 The beginning true up and interest is the staff revised amount,