

ORIGINAL

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: March 14, 2001
TO: Division of Economic Regulation (Lee Romig)
FROM: Denise N. Vandiver; Division of Regulatory Oversight *DW*
RE: Docket No. 001447-GU; St. Joe Natural Gas Company, Inc.; Revised Audit Report Pages; Audit Control No. 00-354-1-4

Please substitute the attached pages 12 and 13 into the audit report issued by my memo dated March 5, 2001. Audit Disclosure No. 7 has been revised to correct an error.

Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, File Folder)
Tallahassee District Office (Hicks)
Division of Records and Reporting
Division of Legal Services

Stuart L. Shoaf
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DOCUMENT NUMBER-DATE

03340 MAR 15 2001

FPSD-REC-RO-REG-ENG

Disclosure No. 7 (Revised)

Subject: Capital Structure

Statement of Fact: The company's Minimum Filing Requirements (MFRs) schedule D-1, page 1 reflects the following 13-month average amounts related to its capital structure.

Class of Capital	Per MFRs	Cost Rate	Weighted Cost
Common Equity	\$2,374,810	10.00%	5.26%
Short-Term Debt	\$150,000	10.75%	.37%
Customer Deposits	\$26,370	6.00%	.04%
Other Deferred Credit - Florida Paper	\$1,578,595	0.00%	.00%
Other Deferred Credit - Gulf Correctional	\$22,393	0.00%	.00%
Accumulated Deferred Income Tax	\$287,827	0.00%	.00%
Totals	\$4,439,995		5.67%

During 1995 the company received a short-term loan in the amount of \$150,000 from a stockholder. The interest rate on this loan in 1995 was 10% and in 1996 it was changed to 10.75%. These interest rates represent what a local bank would offer the company. The total interest paid to the stockholder on this note as of December 31, 1999 was \$71,791.

Recommendation: The audit staff recalculated the company's capital structure based on the company's general ledger. The following table reflects an overstatement between the company's capital structure amounts and the audit staff's capital structure amounts.

Class of Capital	Per MFRs	Per Audit	Overstatement
Common Equity	\$2,374,810	\$2,325,058	(\$49,752)
Short-Term Debt	\$150,000	\$150,000	0
Customer Deposits	\$26,370	\$26,370	0
Other Deferred Credit - Florida Paper	\$1,578,595	\$1,578,595	0
Other Deferred Credit - Gulf Correctional	\$22,393	\$22,393	0
Accumulated Deferred Income Tax	\$287,827	\$287,827	0
Totals	\$4,439,995	\$4,390,243	(\$49,752)

This audited overstatement for common equity in the amount of \$49,752 is related to the fact that the company combines monthly net income with Account 216 - Unappropriated Earned Surplus in its MFR calculation for common equity which is not reflected in the general ledger. The audit staff used the balance at year end for Account 216 - Unappropriated Earned Surplus which is reflected in the company's general ledger.