

STATE OF FLORIDA

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DIVISION OF AUDITING AND SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

February 11, 2002

Mr. Al Kara, Regional Vice President
South Florida Natural Gas Company
P. O. Box 248
New Smyrna Beach, FL 32170-0248

**Re: Docket No. 020003-GU; South Florida Natural Gas Company; Audit Request:
Purchased Gas Cost Recovery True-up for the Period January 2001 through
December 2001; Audit Control No. 02-032-3-4**

Dear Mr. Kara:

The Florida Public Service Commission will audit the Purchased Gas Cost Recovery True-up for the period January 2001 through December 2001, in accordance with Commission audit procedures. Access will be requested to documents and records of the utility and, if necessary, supporting records for affiliate company transactions that affect regulated operations. Staff auditors may also request to review the utility's external audit working papers for the most recent independent audit. Mr. Charleston Winston, the Orlando district office supervisor, will coordinate this audit. Mr. Winston can be reached at (407) 245-0846. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

The Audit Access to Records rule for each industry states:

In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the audit request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached.

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Mr. Al Kara, Regional Vice President
Page 8
February 11, 2002

A formal report is expected to be issued for internal Commission use on June 30, 2002. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver, Chief
Bureau of Auditing

DNV/jcp

cc: Division of Auditing and Safety (Orlando District Office Supervisor, File Folder)
Division of the Commission Clerk and Administrative Services
General Counsel
Office of the Public Counsel

Mr. Kevin Sweeney
504 Lavaca, Suite 800
Austin, Texas 78701