



Public Service Commission

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

DATE: March 17, 2004
TO: Division of Competitive Markets and Enforcement (Makin)
FROM: Division of Auditing and Safety (Vandiver)
RE: **Docket No.** 040125-GU; **Company Name:** Chesapeake Utilities Corp., Florida Division; **Audit Purpose:** Final Transportation Cost Recovery True-Up Audit as of December 2003; **Audit Control No.** 04-036-3-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)
Division of the Commission Clerk and Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

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Winter Haven, FL 33882-0960

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DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY
BUREAU OF AUDITING*

Orlando District Office

**CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION**

FINAL TRANSPORTATION COST RECOVERY TRUE-UP AUDIT

AS OF DECEMBER 31, 2003

**DOCKET NO. 040125-GU
AUDIT CONTROL NO. 04-036-3-1**

A handwritten signature in cursive script, appearing to read "Richard F. Brown".

Richard F. Brown, Audit Manager

A handwritten signature in cursive script, appearing to read "Charleston J. Winston".

Charleston J. Winston, District Audit Supervisor

**DIVISION OF AUDITING AND SAFETY
AUDITOR'S REPORT**

MARCH 11, 2004

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Final Transportation Cost Recovery True-up schedule as of December 31, 2003, for Chesapeake Utilities Corporation, Florida Division. This schedule was prepared by the company as part of its Final Transportation Cost Recovery True-up in Docket No. 040125-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 the financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

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

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

Verified a judgmental sample of transportation expenses incurred from January 1, 2001 through December 31, 2002.

Judgmentally sampled select customer bills applicable to March 2002 and February 2003 to ascertain that transportation costs were recovered in accordance with the rate schedules reflected per Order No. PSC-02-0110-TRF-GU, issued January 24, 2002.

Compiled and recomputed the Transportation Cost Recovery True-up (\$6.67/underrecovery) as of December 31, 2003.

EXHIBIT

Account: 18239-0000000-000000-1823
 New Acct: CF00-00000-1945-1823
 ATS Aggregated Transportation Service

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
Beginning Balance	156,339.77	139,514.76	123,975.09	109,978.16	94,774.51	81,638.82	69,841.97	57,862.87	45,617.33	33,227.16	20,028.84	7,994.85
A/P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recovery	(16,825.01)	(15,539.67)	(13,996.93)	(15,203.65)	(13,135.69)	(11,796.85)	(11,979.10)	(12,245.54)	(12,390.17)	(13,198.32)	(12,033.99)	(16,501.18)
Ending Balance	139,514.76	123,975.09	109,978.16	94,774.51	81,638.82	69,841.97	57,862.87	45,617.33	33,227.16	20,028.84	7,994.85	(8,506.33)
Interest	147,166.78	131,784.09	117,925.16	102,842.51	89,809.82	78,102.97	66,195.87	54,006.33	41,664.16	28,502.84	16,493.85	6.67
	1.310%	1.260%	1.250%	1.215%	1.190%	1.210%	1.000%	1.050%	1.055%	1.080%	1.050%	1.000%
	1.260%	1.250%	1.215%	1.190%	1.210%	1.000%	1.050%	1.055%	1.080%	1.050%	1.000%	1.060%
	2.570%	2.510%	2.465%	2.405%	2.400%	2.210%	2.050%	2.105%	2.115%	2.110%	2.050%	2.060%
	1.285%	1.255%	1.233%	1.203%	1.200%	1.105%	1.025%	1.053%	1.058%	1.055%	1.025%	1.030%
	0.107%	0.105%	0.103%	0.100%	0.100%	0.092%	0.085%	0.088%	0.088%	0.088%	0.085%	0.086%
7,652.00	157.00	138.00	121.00	103.00	90.00	72.00	56.00	48.00	37.00	25.00	14.00	0.00
	7,809.00	7,947.00	8,068.00	8,171.00	8,261.00	8,333.00	8,389.00	8,437.00	8,474.00	8,499.00	8,513.00	8,513.00
												861.00