

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

---

**DATE:** June 30, 2004  
**TO:** Wayne R. Makin, Division of Competitive Markets and Enforcement  
**FROM:** Denise N. Vandiver, Chief, Bureau of Auditing *DNV*  
Division of Regulatory Compliance and Consumer Assistance  
**RE:** **Docket No.** 040003-GU ; **Company Name:** St. Joe Natural Gas Co. ; **Audit Purpose:** PGA True-Up ; **Audit Control No.** 04-043-1-1

---

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 Regulatory Compliance and Consumer Assistance (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

Mr. Stuart L. Shoaf, President,  
St. Joe Natural Gas Company  
P. O. Box 549  
Port St. Joe, FL 32456-0549

DOCUMENT NUMBER-DATE

07285 JUL -2 8

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE

AND CONSUMER ASSISTANCE

Tallahassee District Office

ST. JOE NATURAL GAS COMPANY, INC.

PURCHASED GAS ADJUSTMENT AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2003

DOCKET NO. 040003-GU

AUDIT CONTROL NO. 04-043-1-1

A handwritten signature in cursive script, appearing to read "Barry F. Davis".

Barry F. Davis, Audit Manager

A handwritten signature in cursive script, appearing to read "Lynn M. Deamer".

Lynn M. Deamer, Audit Supervisor

## TABLE OF CONTENTS

<b>I.</b>	<b>AUDITOR'S REPORT</b>	<b>PAGE</b>
	PURPOSE.....	1
	DISCLAIM PUBLIC USE .....	1
	SUMMARY OF SIGNIFICANT PROCEDURES .....	2
<b>II.</b>	<b>DISCLOSURES</b>	
1.	KTM BOOK OUT .....	3
2.	GCI MARCH THROUGH SEPTEMBER INVOICES .....	4
3.	GCI COSTS .....	5
<b>IV.</b>	<b>EXHIBITS</b>	
1	COMPANY FILED SCHEDULE A-2.....	6
2.	RECALCULATION OF TRUE-UP AND INTEREST PROVISION.....	7
3.	RECALCULATION WITHOUT GCI COSTS.....	8

**DIVISION OF REGULATORY COMPLIANCE  
AND CONSUMER ASSISTANCE**

**AUDITOR'S REPORT**

**June 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 Purchased Gas Cost Recovery Clause schedules for the 12-month period ending December 31, 2003. The above schedules have been included as exhibits in this report. These schedules were as part of the Company's petition for cost recovery in Docket No. 040003-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 FINDINGS**

There are two timing differences in the filing which understate the true up amount.

Costs for Gulf Correctional Institution, which is a transportation customer only and does not purchase gas from St. Joe, were included in the filing.

## **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.

**Verify** - The item was tested for accuracy, and substantiating documentation was examined.

---

**REVENUES:** Compiled Purchased Gas Adjustment (PGA) revenues and PGA terms 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 Order No. PSC-02-1734-FOF-GU. Recalculated PGA revenues.

**EXPENSES:** Compiled PGA costs from each invoice to the utility's books and records. Traced costs to the utility's PGA filing. Recalculated PGA expenses.

**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 month period ended December 31, 2003. Recalculated true-up and interest amounts.

## **DISCLOSURES**

### **Disclosure No. 1**

**Subject:** KTM Energy Consulting Services (KTM) Book Out

**Statement of Facts:** The company recorded an out of period \$21,965.88 Book Out for KTM, a firm that services energy needs for other companies, on the general ledger in January, but did not include in PGA expense until June

**Recommendation:** The interest on the \$21,965.88 from January to June, in the amount of \$(115) should be included in the true up calculation.

**Disclosure No. 2**

**Subject:** Gulf Correctional Institution (GCI) March Through September Invoices

**Statement of Facts:** GCI Invoice Numbers 37686, 37717, 37747, 37779, 37808, 37839, and 37871, March through September, were all shown in PGA in September.

**Recommendation:** The interest on the \$22,286.55 from March to September, in the amount of \$(99) should be included in the true up calculation if GCI costs are included (See Disclosure No. 3).

### **Disclosure No. 3**

**Subject:** Gulf Correctional Institution (GCI) Costs

**Statement of Facts:** GCI does not purchase gas from St. Joe, it is a transportation customer only. Because GCI is not billed for gas by St. Joe, there is no contribution to PGA revenue. GCI cost adjustments, such as book outs, cash outs, Operational Flow Order (OFO) charges, and other adjustments to the costs of gas purchased, have been included in the PGA calculations for as long as these adjustments were allowed, even though there is no actual purchase of gas and no recovery of purchased gas costs from this customer. The general body of ratepayers, who do purchase gas through St. Joe, are sharing in these costs and cost reductions, but GCI is not sharing in the other ratepayers' costs.

**Recommendation:** Staff recommends that, until GCI purchases gas from St. Joe, that GCI cost adjustments be removed from the PGA calculations, and have GCI deal directly with their supplier so that these adjustments do not affect the other ratepayers. This would reduce Purchased Gas Cost by \$28,885.83 by removing the positive adjustments and increase Transportation Costs by \$718.39 by removing the negative adjustments. The net reduction to expense is \$28,167.53. The interest effect is \$1.83, due to the timing differences, for a total increase in the true up of \$28,165.70.



FOR THE PERIOD OF:

ANUARY 04 Through DECEMBER 04

	CURRENT MONTH:		MARCH		PERIOD TO DATE				
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
<b>TRUE-UP CALCULATION</b>									
1 PURCHASED GAS COST	LINE 4	\$3,030	\$67,300	64,270	0.95	\$247,743	\$337,407	89,664	0.27
2 TRANSPORTATION COST	LINE(1+5+6-(7+8))	\$29,687	\$26,126	(3,561)	-0.14	\$51,974	\$70,162	18,188	0.26
3 TOTAL		\$32,718	\$93,426	60,708	0.65	\$299,717	\$407,569	107,852	0.26
4 FUEL REVENUES		\$99,212	\$93,426	(5,786)	-0.06	\$415,062	\$407,569	(7,493)	-0.02
(NET OF REVENUE TAX)									
5 TRUE-UP(COLLECTED) OR REFUNDED		\$557	\$557	0	0.00	\$1,671	\$1,671	0	0.00
6 FUEL REVENUE APPLICABLE TO PERIOD *		\$99,769	\$93,983	(5,786)	-0.06	\$416,733	\$409,241	(7,493)	-0.02
(LINE 4 (+ or -) LINE 5)									
7 TRUE-UP PROVISION - THIS PERIOD		\$67,051	\$557	(66,494)	-119.36	\$117,016	\$1,671	(115,345)	-69.02
(LINE 6 - LINE 3)									
8 INTEREST PROVISION-THIS PERIOD (21)		\$107	(\$35)	(142)	4.08	\$214			2.99
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST		\$96,391	(\$42,134)	(138,526)	3.29	\$47,434			2.13
10 TRUE-UP COLLECTED OR (REFUNDED)		(\$557)	(\$557)	0	0.00	(\$1,671)			0.00
(REVERSE OF LINE 5)									
10a FLEX RATE REFUND (if applicable)		\$0	\$0	0	ERR	\$0	\$0	0	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP		\$162,993	(\$42,169)	(205,162)	4.87	\$162,993			
(7+8+9+10+10a)									
<b>INTEREST PROVISION</b>									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)		96,391	(42,134)	(138,526)	3.29	* If line 5 is a refund add to line 4 If line 5 is a collection ( ) subtract from line 4			
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)		162,885			4.87				
14 TOTAL (12+13)		259,277	(84,269)	(343,545)	4.08				
15 AVERAGE (50% OF 14)		129,638	(42,134)	(171,773)	4.08				
16 INTEREST RATE - FIRST DAY OF MONTH		1.01	1.01	0.00	0.00				
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH		0.98	0.98	0.00	0.00				
18 TOTAL (16+17)		1.99	1.99	0.00	0.00				
19 AVERAGE (50% OF 18)		0.99	0.99	0.00	0.00				
20 MONTHLY AVERAGE (19/12 Months)		0.08	0.08	0.00	0.00				
21 INTEREST PROVISION (15x20)		107	(35)	(142)	4.08				

COMPANY: **St. Joe Natural Gas Company, Inc.**  
 AUDIT: Purchased Gas Adjustment  
 DOCKET: 040003-GU  
 DESCRIPTION: **Schedule of True-up and Interest Provision per Audit**

Exhibit 1  
 DATE: 05/26/2004  
 PERIOD: Year Ending 12/31/2003  
 AUDIT CONTROL NO: 04-043-1-1

TRUE-UP CALCULATION	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Total 2003
1. Purchased Gas Cost	174,658	103,866	19,969	48,240	(21,946)	65,722	8,245	33,825	45,485	(6,746)	35,555	97,832	604,705
2. Transportation Cost	<u>11,405</u>	<u>9,225</u>	<u>7,769</u>	<u>10,307</u>	<u>4,731</u>	<u>4,578</u>	<u>4,519</u>	<u>4,731</u>	<u>(13,861)</u>	<u>18,321</u>	<u>11,445</u>	<u>11,854</u>	<u>85,024</u>
3. Total	<u>186,063</u>	<u>113,091</u>	<u>27,739</u>	<u>58,546</u>	<u>(17,215)</u>	<u>70,301</u>	<u>12,764</u>	<u>38,556</u>	<u>31,624</u>	<u>11,576</u>	<u>47,000</u>	<u>109,686</u>	<u>689,729</u>
4. Fuel revenues (Net of Revenue Tax)**	146,392	127,459	58,325	54,577	35,223	34,648	38,113	33,391	42,714	36,284	39,990	121,406	768,523
5. True-Up (Collected) or refunded <b>A</b>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(50,304)</u>
6. Fuel Revenue Applicable To Period (L4 +/- L5)	142,200	123,267	54,133	50,385	31,031	30,456	33,921	29,199	38,522	32,092	35,798	117,214	718,220
7. True-Up Provision - This Period (L6 - L3)	(43,863)	10,176	26,394	(8,161)	48,246	(39,845)	21,157	(9,356)	6,899	20,517	(11,202)	7,528	28,490
8. Interest Provision - This Period (L21)	(55)	(67)	(42)	(28)	(4)	4	(1)	8	11	27	33	36	(77)
9. Beginning Of Period True-Up & Interest	(31,283)	(71,009)	(56,708)	(26,164)	(30,161)	22,273	(13,375)	11,974	6,818	17,919	42,655	35,679	(31,283)
10. True-up (Refunded) or Collected -(reverse of L5)	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>50,304</u>
11. Total Est./Actual True-Up (L7+L8+L9+L10)	<u>(71,009)</u>	<u>(56,708)</u>	<u>(26,164)</u>	<u>(30,161)</u>	<u>22,273</u>	<u>(13,375)</u>	<u>11,974</u>	<u>6,818</u>	<u>17,919</u>	<u>42,655</u>	<u>35,679</u>	<u>47,434</u>	<u>47,434</u>
12. Total Est./Actual True-Up per Audit (WP 40-1)	<u>(92,986)</u>	<u>(78,709)</u>	<u>(56,172)</u>	<u>(68,902)</u>	<u>(17,621)</u>	<u>(33,308)</u>	<u>(8,334)</u>	<u>(15,673)</u>	<u>17,706</u>	<u>42,442</u>	<u>35,465</u>	<u>47,221</u>	<u>47,221</u>
13. Difference	<u>21,978</u>	<u>22,001</u>	<u>30,007</u>	<u>38,740</u>	<u>39,894</u>	<u>19,933</u>	<u>20,309</u>	<u>22,490</u>	<u>213</u>	<u>213</u>	<u>213</u>	<u>214</u>	<u>214</u>
	<b>B</b>	<b>B</b>	<b>BC</b>	<b>BC</b>	<b>BC</b>	<b>C</b>	<b>C</b>	<b>C</b>					<b>BC</b>
<b>INTEREST PROVISION</b>													
12. Beginning True-Up & Interest Provision (L9)	(31,283)	(71,009)	(56,708)	(26,164)	(30,161)	22,273	(13,375)	11,974	6,818	17,919	42,655	35,679	
13. Ending True-up Before Interest (L12 +L 7- L5)	<u>(70,954)</u>	<u>(56,641)</u>	<u>(26,122)</u>	<u>(30,133)</u>	<u>22,277</u>	<u>(13,379)</u>	<u>11,974</u>	<u>6,809</u>	<u>17,909</u>	<u>42,629</u>	<u>35,645</u>	<u>47,399</u>	
14. Total (L12 + L13)	(102,237)	(127,650)	(82,830)	(56,298)	(7,883)	8,894	(1,401)	18,783	24,726	60,548	78,301	83,077	
15. Average (50% of L14)	(51,119)	(63,825)	(41,415)	(28,149)	(3,942)	4,447	(700)	9,391	12,363	30,274	39,150	41,539	
16. Interest Rate 1st. Day of Month	1.29	1.27	1.25	1.18	1.19	1.21	1.00	1.05	1.06	1.06	1.05	1.00	
17. Interest Rate 1st. Day of Subsequent Month	<u>1.27</u>	<u>1.25</u>	<u>1.18</u>	<u>1.19</u>	<u>1.21</u>	<u>1.00</u>	<u>1.05</u>	<u>1.06</u>	<u>1.06</u>	<u>1.05</u>	<u>1.00</u>	<u>1.06</u>	
18. Total (L16 + L17)	2.56	2.52	2.43	2.37	2.40	2.21	2.05	2.11	2.12	2.11	2.05	2.06	
19. Average (50% of L18)	1.28	1.26	1.22	1.19	1.20	1.11	1.03	1.06	1.06	1.06	1.03	1.03	
20. Monthly Average (L19/12)	0.11	0.11	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.09	0.09	
21. Interest Provision (L15 x L20)	<u>(55)</u>	<u>(67)</u>	<u>(42)</u>	<u>(28)</u>	<u>(4)</u>	<u>4</u>	<u>(1)</u>	<u>8</u>	<u>11</u>	<u>27</u>	<u>33</u>	<u>36</u>	
<b>** if L5 is a refund add to L4</b> <b>if L5 is a Collection ( ) Subtract from L4</b>													

**Auditor's Notes:**

**A** In Order No. PSC-02-1734-FOF-GU, Issued on December 10, 2002, the Commission found the total purchased gas adjustment true-up to be: (50,304) / 12 = (4,192) /month

**B** The company recorded an out of period \$21,965.88 Book Out for KTM on the general ledger but did not include in PGA expense until June. (WP 43-3.7)

**C** Gulf Correctional Institution Invoice Numbers: 37686, 37717, 37747, 37779, 37801 and 37871, March through September, shown in PGA in September. (WP 43-3.6.1)

COMPANY: St. Joe Natural Gas Company, Inc.  
 AUDIT: Purchased Gas Adjustment  
 DOCKET: 040003-GU  
 DESCRIPTION: Schedule of True-up and Interest Provision per Audit Without GCI Costs

DATE: 05/27/2004  
 PERIOD: Year Ending 12/31/2003  
 AUDIT CONTROL NO: 04-043-1-1

Exhibit 2

TRUE-UP CALCULATION	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Total 2003
1. Purchased Gas Cost	174,658	103,866	19,969	48,240	(21,946)	65,722	8,245	33,825	45,485	(6,746)	35,555	97,832	604,705
2. Transportation Cost	<u>11,405</u>	<u>9,225</u>	<u>7,769</u>	<u>10,307</u>	<u>4,731</u>	<u>4,578</u>	<u>4,519</u>	<u>4,731</u>	<u>(13,861)</u>	<u>18,321</u>	<u>11,445</u>	<u>11,854</u>	<u>85,024</u>
3. Total	<u>186,063</u>	<u>113,091</u>	<u>27,739</u>	<u>58,546</u>	<u>(17,215)</u>	<u>70,301</u>	<u>12,764</u>	<u>38,556</u>	<u>31,624</u>	<u>11,576</u>	<u>47,000</u>	<u>109,686</u>	<u>689,729</u>
4. Fuel revenues (Net of Revenue Tax)**	146,392	127,459	58,325	54,577	35,223	34,648	38,113	33,391	42,714	36,284	39,990	121,406	768,523
5. True-Up (Collected) or refunded <b>A</b>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(4,192)</u>	<u>(50,304)</u>
6. Fuel Revenue Applicable To Period (L4 +/- L5)	142,200	123,267	54,133	50,385	31,031	30,456	33,921	29,199	38,522	32,092	35,798	117,214	718,220
7. True-Up Provision - This Period (L6 - L3)	(43,863)	10,176	26,394	(8,161)	48,246	(39,845)	21,157	(9,356)	6,899	20,517	(11,202)	7,528	28,490
8. Interest Provision - This Period (L21)	(55)	(67)	(42)	(28)	(4)	4	(1)	8	11	27	33	36	(77)
9. Beginning Of Period True-Up & Interest	(31,283)	(71,009)	(56,708)	(26,164)	(30,161)	22,273	(13,375)	11,974	6,818	17,919	42,655	35,679	(31,283)
10. True-up (Refunded) or Collected -(reverse of L5)	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>4,192</u>	<u>50,304</u>
11. Total Est./Actual True-Up (L7+L8+L9+L10)	<u>(71,009)</u>	<u>(56,708)</u>	<u>(26,164)</u>	<u>(30,161)</u>	<u>22,273</u>	<u>(13,375)</u>	<u>11,974</u>	<u>6,818</u>	<u>17,919</u>	<u>42,655</u>	<u>35,679</u>	<u>47,434</u>	<u>47,434</u>
12. Total Est./Actual True-Up per Audit (WP 40-1)	<u>(90,885)</u>	<u>(74,755)</u>	<u>(44,231)</u>	<u>(48,248)</u>	<u>4,168</u>	<u>(9,521)</u>	<u>15,830</u>	<u>10,677</u>	<u>46,012</u>	<u>70,773</u>	<u>63,820</u>	<u>75,600</u>	<u>75,600</u>
13. Difference	<u>(19,876)</u>	<u>(18,048)</u>	<u>(18,067)</u>	<u>(18,087)</u>	<u>(18,105)</u>	<u>3,854</u>	<u>3,856</u>	<u>3,860</u>	<u>28,093</u>	<u>28,118</u>	<u>28,142</u>	<u>28,166</u>	<u>28,166</u>
	<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>								

INTEREST PROVISION													
12. Beginning True-Up & Interest Provision (L9)	(31,283)	(71,009)	(56,708)	(26,164)	(30,161)	22,273	(13,375)	11,974	6,818	17,919	42,655	35,679	
13. Ending True-up Before Interest (L12 +L 7- L5)	<u>(70,954)</u>	<u>(56,641)</u>	<u>(26,122)</u>	<u>(30,133)</u>	<u>22,277</u>	<u>(13,379)</u>	<u>11,974</u>	<u>6,809</u>	<u>17,909</u>	<u>42,629</u>	<u>35,645</u>	<u>47,399</u>	
14. Total (L12 + L13)	(102,237)	(127,650)	(82,830)	(56,298)	(7,883)	8,894	(1,401)	18,783	24,726	60,548	78,301	83,077	
15. Average (50% of L14)	(51,119)	(63,825)	(41,415)	(28,149)	(3,942)	4,447	(700)	9,391	12,363	30,274	39,150	41,539	
16. Interest Rate 1st. Day of Month	1.29	1.27	1.25	1.18	1.19	1.21	1.00	1.05	1.06	1.06	1.05	1.00	
17. Interest Rate 1st. Day of Subsequent Month	<u>1.27</u>	<u>1.25</u>	<u>1.18</u>	<u>1.19</u>	<u>1.21</u>	<u>1.00</u>	<u>1.05</u>	<u>1.06</u>	<u>1.06</u>	<u>1.05</u>	<u>1.00</u>	<u>1.06</u>	
18. Total (L16 + L17)	2.56	2.52	2.43	2.37	2.40	2.21	2.05	2.11	2.12	2.11	2.05	2.06	
19. Average (50% of L18)	1.28	1.26	1.22	1.19	1.20	1.11	1.03	1.06	1.06	1.06	1.03	1.03	
20. Monthly Average (L19/12)	0.11	0.11	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.09	0.09	
21. Interest Provision (L15 x L20)	<u>(55)</u>	<u>(67)</u>	<u>(42)</u>	<u>(28)</u>	<u>(4)</u>	<u>4</u>	<u>(1)</u>	<u>8</u>	<u>11</u>	<u>27</u>	<u>33</u>	<u>36</u>	

\*\* if L5 is a refund add to L4  
 if L5 is a Collection ( ) Subtract from L4

Auditor's Notes:

**A** In Order No. PSC-02-1734-FOF-GU, Issued on December 10, 2002, the Commission found the total purchased gas adjustment true-up to be:

(50,304) / 12 = (4,192) /month

**B** The company recorded an out of period \$21,965.88 Book Out for KTM on the general ledger but did not include in PGA expense until June. (WP 43-3.7)