

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

St. Joe Natural Gas Company, Inc.
Gas Conservation Cost Recovery

Twelve Months Ended December 31, 2012

Docket No. 130004-GU

Audit Control No. 13-004-1-3

June 24, 2013

A handwritten signature in black ink, appearing to read "Donna D. Brown", written over a horizontal line.

Donna D. Brown
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn M. Deamer", written over a horizontal line.

Lynn M. Deamer
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economics in its audit service request dated January 4, 2013. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by St. Joe Natural Gas Company, Inc. in support of its filing for the Gas Conservation Cost Recovery Clause in Docket No. 130004-GU.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the St. Joe Natural Gas Company, Inc.
GCCR refers to the Gas Conservation Cost Recovery.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual GCCR therms sold for the period January 1, 2012 through December 31, 2012 and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the GCCR.

Procedures: We reconciled the 2012 filing to the Utility's monthly GCCR Revenue Reports. We selected a sample of residential and commercial customer's bills and recalculated each to determine if the correct tariff rate was used. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expense as filed on Schedule CT-2 of its GCCR filing were supported by adequate documentation and that the expenses are appropriately recoverable through the GCCR.

Procedures: We reconciled expenses in the filing to the general ledger. We traced a sample of O&M Expenses to source documentation to ensure that the expense was related to the GCCR and charged to the correct accounts. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2011, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2012 using the

Commission approved beginning balance as of December 31, 2011, the Financial Commercial Paper rates, and the GCCR revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's GCCR Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior years.

Procedures: We compared 2011 to 2012 revenues and expenses. We requested explanations from the Utility for significant variances. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

| SCHEDULE CT-3 PAGE 3 OF 3 | | | | | | | | | | | | | St Joe Natural Gas Docket No. 13000A-GU Exhibit DKS-1 2012 Conservation True-Up Effective: May 1, 2013 | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--|--|
| ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISIONS FOR MONTHS: JANUARY 2012 THROUGH DECEMBER 2012 | | | | | | | | | | | | | | |
| CONSERVATION REVENUES | MONTH NO. 1 | MONTH NO. 2 | MONTH NO. 3 | MONTH NO. 4 | MONTH NO. 5 | MONTH NO. 6 | MONTH NO. 7 | MONTH NO. 8 | MONTH NO. 9 | MONTH NO. 10 | MONTH NO. 11 | MONTH NO. 12 | TOTAL | |
| 1. RCS AUDIT FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 2. OTHER PROGRAM REVS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 3. CONSERV. ADJ REVS | -5,435 | -3,970 | -4,055 | -2,341 | -1,975 | -2,103 | -1,732 | -1,888 | -1,988 | -1,728 | -2,402 | -3,023 | -32,841 | |
| 4. TOTAL REVENUES | -5,435 | -3,970 | -4,055 | -2,341 | -1,975 | -2,103 | -1,732 | -1,888 | -1,988 | -1,728 | -2,402 | -3,023 | -32,841 | |
| 5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 6,819 | |
| 6. CONSERVATION REVS APPLICABLE TO THIS PERIOD | -4,700 | -3,235 | -3,321 | -1,606 | -1,241 | -1,368 | -997 | -953 | -1,253 | -994 | -1,667 | -2,288 | -31,023 | |
| 7. CONSERVATION ENRG (FROM CT-3, PAGE 1) | 9,225 | 6,950 | 13,500 | 7,050 | 12,775 | 7,575 | 6,225 | 6,900 | 3,150 | 7,900 | 8,400 | 10,125 | 102,425 | |
| 8. TRUE-UP THIS PERIOD | 4,535 | 3,718 | 10,329 | 5,844 | 11,534 | 6,707 | 5,228 | 6,347 | 1,857 | 6,906 | 6,733 | 7,237 | 78,403 | |
| 9. INTER PROV. THIS PERIOD (FROM CT-3, PAGE 3) | 1 | 1 | 2 | 3 | 4 | 5 | 6 | 6 | 6 | 7 | 6 | 7 | 56 | |
| 10. TRUE-UP & INTER PROV. BEGINNING OF MONTH | 6,819 | 12,610 | 15,591 | 21,147 | 30,090 | 40,902 | 48,479 | 50,978 | 58,897 | 62,765 | 65,844 | 71,860 | | |
| 11. PRIOR TRUE-UP COLLECTED (REPAID) | -735 | -735 | -735 | -735 | -735 | -735 | -735 | -735 | -735 | -735 | -735 | -735 | | |
| 12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11) | 12,619 | 15,591 | 21,147 | 30,090 | 40,902 | 48,479 | 50,978 | 58,897 | 59,785 | 65,944 | 71,950 | 78,439 | 78,439 | |