

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, 2013

Docket No. 140004-GU
Audit Control No. 14-017-1-3
May 28, 2014


George Simmons
Audit Manager



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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 9, 2014. 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 2013 filing for the Gas Conservation Cost Recovery in Docket No. 140004-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 therms sold for the period January 1, 2013, through December 31, 2013, and whether the Utility applied the Commission approved conservation cost recovery factor to actual therm sales.

Procedures: We computed revenues using the factors in Order No. PSC-12-0612-FOF-GU, issued November 15, 2012 and actual therm sales from the Gross Margin Report and reconciled them to the general ledger and the GCCR filing. We selected a random sample of residential and commercial customers' bills for the period and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expense listed on the Utility's Schedule CT-3 of the Utility's GCCR filing was supported by adequate documentation and that the expenses are appropriately recoverable through the GCCR clause.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, was charged to the correct accounts and was appropriately recoverable through the GCCR clause. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

True-up

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

Procedures: We traced the December 31, 2012, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2013, using the Commission approved beginning balance as of December 31, 2012, the Non-Financial Commercial Paper rates, and the 2013 GCCR filing 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 year.

Procedures: We compared 2013 to 2012 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

SCHEDULE CT-3 PAGE 2 OF 3													St Joe Natural Gas Docket No. 140004-GU Exhibit# DKS-1 2013 Conservation True-Up May 1, 2014	
ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVIDED FOR MONTHS JANUARY 2013 THROUGH DECEMBER 2013														
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	0
2 OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 CONSERV. ADJ REVS	-17,921	-16,745	-15,358	-11,607	-8,760	-5,886	-5,643	-6,920	-5,491	-5,467	-9,629	-12,622	-122,250	
4 TOTAL REVENUES	-17,921	-16,745	-15,358	-11,607	-8,760	-5,886	-5,643	-6,920	-5,491	-5,467	-9,629	-12,622	-122,250	
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	6,538	6,538	6,538	6,538	6,538	6,538	6,538	6,538	6,538	6,538	6,538	6,538	76,459	
6 CONSERVATION REVS APPLICABLE TO THE PERIOD	-11,383	-10,207	-8,819	-5,069	-2,222	652	895	-381	1,047	1,072	-3,091	6,784	-43,791	
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	7,400	6,500	15,775	9,525	6,575	6,975	5,950	7,475	5,875	7,375	8,025	5,225	96,575	
8 TRUE-UP THIS PERIOD	-3,983	-3,707	6,956	4,456	4,753	10,627	6,845	7,094	6,929	8,447	4,934	-959	52,784	
9 INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	8	8	6	4	3	3	3	2	3	3	3	3	49	
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	70,459	67,945	57,706	58,131	56,053	54,271	58,562	58,672	59,230	59,617	61,526	59,927		
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	-6,538	-6,538	-6,538	-6,538	-6,538	-6,538	-6,538	-6,538	-6,538	-6,538	-6,538	-6,538		
12 TOTAL NET TRUE-UP (SUM LINES 8-9+10+11)	67,945	57,706	58,131	56,053	54,271	58,362	58,672	59,230	59,617	61,526	59,927	52,833	52,833	

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS JANUARY 2013 THROUGH DECEMBER 2013

	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 BEGINNING TRUE-UP	70,459	67,945	57,708	58,131	56,053	54,271	56,362	58,672	59,230	59,617	61,528	59,527	
2 ENDING TRUE-UP BEFORE INTEREST	67,836	57,700	58,125	56,049	54,268	58,359	58,689	59,228	59,614	61,525	59,924	52,830	
3 TOTAL BEGINNING & ENDING TRUE-UP	146,397	125,645	115,833	114,179	110,321	112,630	117,031	117,900	118,844	121,142	121,452	112,757	
4 AVERAGE TRUE-UP (LINE 3 TIMES 50%)	73,198	62,823	57,916	57,090	55,160	56,315	58,516	58,950	59,422	60,571	60,726	56,379	
5 INTER. RATE - 1ST DAY OF REPORTING MONTH	0.100%	0.150%	0.140%	0.090%	0.090%	0.050%	0.080%	0.050%	0.050%	0.060%	0.060%	0.060%	
6 INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	0.150%	0.140%	0.090%	0.090%	0.050%	0.080%	0.050%	0.050%	0.060%	0.060%	0.060%	0.060%	
7 TOTAL (SUM LINES 5 & 6)	0.250%	0.290%	0.230%	0.180%	0.140%	0.130%	0.130%	0.100%	0.110%	0.120%	0.120%	0.120%	
8 AVG INTEREST RATE (LINE 7 TIMES 50%)	0.125%	0.145%	0.115%	0.090%	0.070%	0.065%	0.065%	0.050%	0.055%	0.060%	0.060%	0.060%	
9 MONTHLY AVG INTEREST RATE	0.010%	0.012%	0.010%	0.008%	0.006%	0.005%	0.005%	0.004%	0.005%	0.005%	0.005%	0.005%	
10 INTEREST PROVISION (LINE 4 TIMES LINE 9)	8	8	6	4	3	3	3	2	3	3	3	3	49