

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: July 26, 2024

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Donna Brown, Bureau Chief, Office of Auditing & Performance Analysis *DB*

RE: Docket No.: 20240004-GU
Company Name: St. Joe Natural Gas Company, Inc.
Company Code: GU610
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery Clause (GCCR)
Audit Control No.: 2024-031-1-6

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 a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

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

Twelve Months Ended December 31, 2023

Docket No. 20240004-GU
Audit Control No. 2024-031-1-6
July 26, 2024

A handwritten signature in blue ink, appearing to read "Yen N. Ngo", written over a horizontal line.

Yen N. Ngo
Audit Manager

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Economics in its audit service request dated January 29, 2024. 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 2023 filing for the Natural Gas Conservation Cost Recovery in Docket No. 20240004-GU.

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 Natural Gas Conservation Cost Recovery Clause.

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 2023 to 2022 revenues and expenses. Audit Staff determined there was a 25.73% decrease in incentives. The 25.73% decrease was due to a reduction in the participants of the following programs: Residential Appliance Replacements and Residential Customer Retention in 2023. No further work performed.

Revenue

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2023, through December 31, 2023, and whether the Utility applied the Commission-approved cost recovery factor to actual therms sales for the GCCR Clause.

Procedures: We computed revenues using the factors by rate codes and compared them to the last Commission Order No. PSC-2016-0297-PAA-GU. We calculated actual therm sales from the Gross Margin Report and reconciled them to the general ledger and the GCCR filing. We examined a sample of residential and commercial customers' bills and recalculated them to determine whether the correct tariff rate was used. No exceptions were noted.

Expense

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

Procedures: We traced expenses in the filing to the general ledger. We examined a sample of O&M Expenses for testing for the current period, the correct accounts, and appropriately related to the GCCR Clause. We traced cash incentive payments to allowances approved in Order No. PSC-2010-0551-PAA-GU, issued September 2, 2010. Audit staff requested support for advertising expenses and determined that the Utility did not have any. No exceptions were noted.

True-up

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

Procedures: We traced the December 31, 2022, True-Up Provision to Commission Orders PSC-2023-0346-FOF-GU and PSC-2022-0423-FOF-GU. We recalculated the True-Up and Interest Provision amounts as of December 31, 2023, using the Commission-approved beginning balance as of December 31, 2022, the Financial Commercial Paper rates, and the 2023 GCCR filing revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

SCHEDULE C-3 PAGE 2 OF 3													St Joe Natural Gas Docket No 20240004-GU Exhibit# DKS-1 2023 Conservation True-Up Filed: May 1, 2024	
ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION FOR MONTHS JANUARY 2023 THROUGH DECEMBER 2023														
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	(18,023)	(11,321)	(10,349)	(12,364)	(9,181)	(8,979)	(8,583)	(5,768)	(6,707)	(6,499)	(8,663)	(14,425)	(117,862)	0
4 TOTAL REVENUES	(18,023)	(11,321)	(10,349)	(12,364)	(9,181)	(8,979)	(8,583)	(5,768)	(6,707)	(6,499)	(8,663)	(14,425)	(117,862)	0
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(7,148)	(85,771)	
6 CONSERVATION REVS APPLICABLE TO THE PERIOD	(25,171)	(18,469)	(17,497)	(19,512)	(16,329)	(16,127)	(13,731)	(12,916)	(13,855)	(13,647)	(15,811)	(21,573)	(203,633)	
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	13,500	16,350	11,353	30,325	14,525	20,125	14,075	32,775	8,550	7,600	11,050	3,000	181,225	
8 TRUE-UP THIS PERIOD	(11,671)	(2,118)	(5,146)	10,813	(823)	3,999	344	19,850	(7,305)	(6,045)	(4,761)	(18,673)	(22,408)	
9 INTER PROV THIS PERIOD (FROM CT-3, PAGE 3)	(309)	(329)	(336)	(307)	(258)	(238)	(202)	(130)	(73)	(71)	(64)	(84)	(2,405)	
10 TRUE-UP & INTER PROV BEGINNING OF MONTH	(85,771)	(90,600)	(85,899)	(85,234)	(67,580)	(61,501)	(50,193)	(43,303)	(16,427)	(16,657)	(15,627)	(13,304)		
11 PRIOR TRUE-UP COLLECTED/REFUNDED	7,148	7,148	7,148	7,148	7,148	7,148	7,148	7,148	7,148	7,148	7,148	7,148	7,148	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(90,600)	(85,899)	(85,234)	(67,580)	(61,501)	(50,593)	(43,303)	(16,427)	(16,657)	(15,627)	(13,304)	(24,613)	(24,613)	

Exhibit 2: Interest Provision

SCHEDULE CT-3 PAGE 3 OF 3													St Joe Natural Gas Docket No. 20240004-GU Exhibit# DKS-1 2023 Conservation True-Up Filed: May 1, 2024	
CALCULATION OF TRUE-UP AND INTEREST PROVISION FOR MONTHS JANUARY 2023 THROUGH DECEMBER 2023														
INTEREST PROVISION	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	(85,771)	(90,600)	(85,899)	(85,234)	(67,580)	(61,501)	(50,593)	(43,303)	(16,427)	(16,657)	(15,627)	(13,304)		
2 ENDING TRUE-UP BEFORE INTEREST	(90,294)	(85,570)	(84,868)	(67,273)	(61,236)	(50,355)	(43,101)	(16,796)	(16,584)	(15,555)	(13,240)	(24,729)		
3 TOTAL BEGINNING & ENDING TRUE-UP	(176,065)	(176,170)	(170,797)	(152,506)	(128,815)	(111,857)	(93,694)	(59,500)	(33,011)	(32,212)	(28,866)	(38,032)		
4 AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(88,033)	(88,085)	(85,399)	(76,253)	(64,408)	(55,928)	(46,847)	(29,800)	(16,505)	(16,106)	(14,433)	(19,016)		
5 INTER RATE - 1ST DAY OF REPORTING MONTH	3.97%	4.36%	4.60%	4.83%	4.83%	5.08%	5.12%	5.23%	5.28%	5.31%	5.31%	5.34%		
6 INTER RATE - 1ST DAY OF SUBSEQUENT MONTH	4.36%	4.60%	4.83%	4.83%	5.08%	5.12%	5.23%	5.28%	5.31%	5.31%	5.34%	5.30%		
7 TOTAL (SUM LINES 5 & 6)	8.33%	8.96%	9.43%	9.66%	9.91%	10.20%	10.35%	10.51%	10.59%	10.62%	10.65%	10.64%		
8 AVG INTEREST RATE (LINE 7 TIMES 50%)	4.17%	4.48%	4.72%	4.83%	4.95%	5.10%	5.18%	5.26%	5.30%	5.31%	5.33%	5.32%		
9 MONTHLY AVG INTEREST RATE	0.35%	0.37%	0.39%	0.40%	0.41%	0.43%	0.43%	0.44%	0.44%	0.44%	0.44%	0.44%		
10 INTEREST PROVISION (LINE 4 TIMES LINE 9)	(305)	(326)	(336)	(307)	(286)	(238)	(207)	(130)	(73)	(71)	(64)	(84)	-2,405	