

**FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT**

Twelve months ended September 30, 1996

Field work completed

October 29, 1996

INDIANTOWN GAS COMPANY

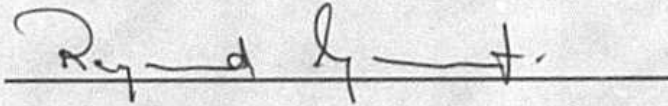
Indiantown, Florida

Martin County

Purchased Gas Adjustment Clause Audit

Docket Number 960003-GU

DAFA No. 96-151-4-3



**Raymond Grant
Audit Manager**



**Kathy Welch
Regulatory Analyst Supervisor
Miami District Office**

DOCUMENT NUMBER-DATE

13199 DEC 11 88

FPSC-RECORDS/REPORTING

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I. Executive Summary

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to audit the appended Purchased Gas Adjustment schedules prepared in support of Docket 960003-GU for the twelve month period ended September 30, 1996. The audit exit conference was held on November 18, 1996.

DISCLAIM PUBLIC USE: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must 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 audit standards and produce audited financial statements for public use.

OPINION: Subject to the procedures described in Section II, the Purchased Gas Adjustment schedules for the twelve month period ending September 30, 1996 represent the Company's books and records maintained in substantial compliance with Commission Directives. The expressed opinions extend only to the scope of work described in Section II of this report.

II. AUDIT SCOPE

The opinions contained in this report are based on the audit work described below. When used in this report COMPILED and EXAMINED means that audit work includes:

COMPILED - Means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity or inconsistency; and, except as noted performed no other audit work.

EXAMINED - Means that the audit staff reconciled exhibit amounts with the general ledger; traced general ledger account balances to subsidiary ledgers; applied selective analytical review procedures; tested account balances to the extent further described; and disclosed any error, irregularity, or inconsistency observed.

COST OF GAS -

Compiled a Cost of Gas Schedule and reconciled to A-1. Traced purchases for the months of October 1996 through September 1996 to the disbursement ledger. Examined invoices for all months.

REVENUES -

Recalculated revenues using the terms sold per the Sales reports and the approved cap factor per Commission Order. Recalculated residential and commercial customers billing and reconciled the rate bill to the rate schedule.

RECALCULATION OF A-2 -

Recalculated the true-up and the interest calculation and traced the interest rates used to the Wall Street Journal. Traced prior True-up amount to Commission Order, and True-up and Interest Beginning to prior six month filing.

FOR THE PERIOD OF: APRIL 95 Through MARCH 96

	CURRENT MONTH: MARCH 1996				PERIOD TO DATE			
	ACTUAL	MID-COURSE CORRECTION	DIFFERENCE		ACTUAL	MID-COURSE CORRECTION	DIFFERENCE	
			AMOUNT	%			AMOUNT	%
TRUE-UP CALCULATION								
1 PURCHASED GAS COST	0	0	0	0.00	0	0	0	0.00
2 TRANSPORTATION COST	332,696	462,000	(129,304)	(27.99)	3,208,654	3,527,085	(318,431)	(9.03)
3 TOTAL	332,696	462,000	(129,304)	(27.99)	3,208,654	3,527,085	(318,431)	(9.03)
4 FUEL REVENUES (NET OF REVENUE TAX)	362,272	542,250	(179,978)	(33.19)	3,128,123	3,483,515	(355,392)	(10.20)
5 TRUE-UP (COLLECTED) OR REFUNDED	1,459	1,459	0	0.00	17,508	17,508	0	0.00
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ OR -) LINE 5)	363,731	543,709	(179,978)	(33.10)	3,145,631	3,501,023	(355,392)	(10.15)
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	31,035	81,709	(50,674)	(62.02)	(63,023)	(26,062)	(36,961)	141.82
8 INTEREST PROVISION - THIS PERIOD (LINE 21)	(233)	(194)	(39)	20.10	964	935	29	3.10
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	(63,462)	(80,243)	13,781	(17.17)	42,448	42,448	0	0.00
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(1,459)	(1,459)	0	0.00	(17,508)	(17,508)	0	0.00
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	(37,119)	(187)	(36,932)	19,749.73	(37,119)	(187)	(36,932)	19,749.73
INTEREST PROVISION								
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	(66,462)	(80,243)	13,781	(17.17)				
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	(36,886)	7	(36,893)	(527,042.86)				
14 TOTAL (12+13)	(103,348)	(80,236)	(23,112)	28.81				
15 AVERAGE (50% OF 14)	(51,674)	(40,118)	(11,556)	28.81				
16 INTEREST RATE - FIRST DAY OF MONTH	5.33000%	5.81000%	-0.48000%	(8.26)				
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.50000%	5.81000%	-0.31000%	(5.34)				
18 TOTAL (16+17)	10.83000%	11.62000%	-0.79000%	(6.80)				
19 AVERAGE (50% OF 18)	5.42000%	5.81000%	-0.39000%	(6.71)				
20 MONTHLY AVERAGE (19/12 Months)	0.45167%	0.48417%	-0.03250%	(6.71)				
21 INTEREST PROVISION (15x20)	(233)	(194)	(39)	20.10				

** Beginning of Period True-up and Interest reduced by \$793 per FPSC #95-233-4-3 - Audit Date 12/20/95 - Audit Exception #1

CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE A-2
(REVISED 8/19/93)

FOR THE PERIOD OF: APRIL 96 Through MARCH 97

	CURRENT MONTH:		SEPTEMBER 1996		ACTUAL	PERIOD TO DATE				
	ACTUAL	ORIGINAL ESTIMATE	DIFFERENCE			ORIGINAL ESTIMATE	DIFFERENCE			
			AMOUNT	%			AMOUNT	%		
TRUE-UP CALCULATION										
1 PURCHASED GAS COST	0	0	0	0.00		0	0	0.00		
2 TRANSPORTATION COST	240,211	2,648	167,563	230.66	1,533,164	807,636	725,528	89.83		
3 TOTAL	240,211	2,648	167,563	230.65	1,533,164	807,636	725,528	89.83		
4 FUEL REVENUES (NET OF REVENUE TAX)	222,855	72,648	150,207	206.76	1,596,455	807,636	788,819	97.67		
5 TRUE-UP (COLLECTED) OR REFUNDED	6,399	6,399	0	0.00	38,394	38,394	0	0.00		
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ OR -) LINE 5)	229,254	79,047	150,207	190.02	1,634,849	846,030	788,819	93.24		
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(10,957)	6,399	(17,356)	(271.23)	101,685	38,394	63,291	164.85		
8 INTEREST PROVISION - THIS PERIOD (LINE 21)	160	0	160	0.00	629	0	629	0.00		
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	43,997	(187)	44,184	(23,627.81)	(37,119)	(187)	(36,932)	19,749.73		
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(6,399)	(6,399)	0	0.00	(38,394)	(38,394)	0	0.00		
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0	0	0	0.00		
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	26,801	(187)	26,988	(14,432.09)	26,801	(187)	26,988	(14,432.09)		
INTEREST PROVISION										
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	43,997	(187)	44,184	(23,627.81)						
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	26,641	(187)	26,828	(14,346.52)						
14 TOTAL (12+13)	70,638	(374)	71,012	(18,987.17)						
15 AVERAGE (50% OF 14)	35,319	(187)	35,506	(18,987.17)						
16 INTEREST RATE - FIRST DAY OF MONTH	5.39000%	0.00000%	5.39000%	0.00						
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.44000%	0.00000%	5.44000%	0.00						
18 TOTAL (16+17)	10.83000%	0.00000%	10.83000%	0.00						
19 AVERAGE (50% OF 18)	5.42000%	1.00000%	5.42000%	0.00						
20 MONTHLY AVERAGE (19/12 Months)	0.45167%	1.00000%	0.45167%	0.00						
21 INTEREST PROVISION (15x20)	160	0	160	0.00						

State of Florida

Commissioners:
SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYO
DIRECTOR
(904) 413-6770

Public Service Commission

December 12, 1996

Ms. Colette M. Powers
Indiantown Gas Company
Post Office Box 8
Indiantown, Florida 34956-0008

RE: Docket No. 960003-GU -- Indiantown Gas Company
FGA Audit Report - Period Ended September 10, 1996
Audit Control # 96-151-4-3

Dear Ms. Powers:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

Blanca S. Bayó

BSB/cls
Enclosure
cc: Public Counsel