

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED SEPTEMBER 30, 1996

FIELD WORK COMPLETED

NOVEMBER 7, 1996

PEOPLES GAS SYSTEM, INC.

TAMPA, FLORIDA

HILLSBOROUGH COUNTY

ENERGY CONSERVATION COST RECOVERY AUDIT

DOCKET 960002-EG

AUDIT CONTROL NUMBER 96-149-2-1



GLENN A. CLEPPER
AUDIT MANAGER



JIM McPHERSON
REGULATORY ANALYST SUPERVISOR
TAMPA DISTRICT OFFICE

DOCUMENT NUMBER - DATE

13272 DEC 13 86

FPSC-RECORDS/REPORTING

I. EXECUTIVE SUMMARY

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to audit the appended Energy Conservation Program Cost Schedule CT-2, page 1 of 3 prepared by Peoples Gas System, Inc. in support of Docket No. 960002-EG for the twelve month period ending September 30, 1996.

SCOPE LIMITATION: There are no confidential work papers associated with this report. The last day of field work was November 7, 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: The actual amounts on the appended Energy Conservation Recovery Schedules CT-2 page 1 of 3 for the twelve months ended September 30, 1996 represent Peoples Gas System, Inc. 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 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.

ECCR EXPENSES: Compiled Energy Conservation Cost Recovery (ECCR) expense accounts. Scheduled ECCR expenses by program and by categories of expenses. Performed audit of payroll and vehicle cost categories to extent of determining whether Company has formal procedures for the reporting and recording of both types of costs and evaluating source documents for sample testing. Evaluated internal accounting controls to determine whether management has reasonable assurance that expenses incurred in both categories are limited to those approved for ECCR programs.

ECCR REVENUE: Compiled ECCR revenue accounts. Recalculated ECCR revenues and recomputed total and net conservation revenues using the FPSC approved Conservation Cost Recovery Factors.

ECCR TRUE-UP: Compiled ECCR true-up accounts. Agreed beginning of period true-up to prior year filing with adjustments for prior period adjustments. Recomputed current period true-up using audit determined revenues and expenses.

OTHER: Read Company Board of Directors minutes and external auditor's working papers. Performed analytical review of all conservation programs.

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

MONTHS: OCTOBER 1995 THROUGH SEPTEMBER 1996

	ACTUAL	PROJECTED*	DIFFERENCE
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	459,039	356,898	102,141
MATERIALS & SUPPLIES	5,030	13,732	(8,702)
ADVERTISING	13,565	15,000	(1,435)
INCENTIVES	4,590,685	6,082,778	(1,492,093)
OUTSIDE SERVICES	191,448	196,199	(4,751)
VEHICLES	51,752	31,281	20,471
OTHER	58,125	30,461	27,664
SUB-TOTAL	5,369,644	6,726,349	(1,356,705)
PROGRAM REVENUES	0	0	0
TOTAL PROGRAM COSTS	5,369,644	6,726,349	(1,356,705)
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BAS	0	0	0
CONSERVATION ADJUSTMENT REVENUES	(7,077,911)	(2,682,498)	(4,395,413)
ROUNDING ADJUSTMENT	0	0	0
TRUE UP BEFORE INTEREST	(1,708,269)	4,043,851	(5,752,120)
INTEREST PROVISION	(98,895)	61,855	(160,750)
END OF PERIOD TRUE-UP	(1,807,164)	4,105,706	(5,912,870)

() REFLECTS OVER-RECOVERY
* 2 MONTHS ACTUAL AND 10 MONTHS PROJECTED

State of Florida

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JOE GARCIA



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

Public Service Commission

December 16, 1996

Mr. Jack E. Uhl
Peoples Gas System, Inc.
Post Office Box 2562
Tampa, Florida 33601-2562

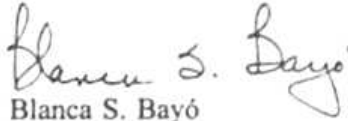
RE: Docket No. 960002-EG -- Peoples Gas System, Inc.
Conservation Audit Report - Period Ended September 30, 1996
Audit Control # 96-149-2-1

Dear Mr. Uhl:

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. Bayo

BSB/cls
Enclosure
cc: Public Counsel
McFarlane Ausley Law Firm