

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED SEPTEMBER 30, 1996

FIELD WORK COMPLETED

DECEMBER 13, 1996

ST. JOE NATURAL GAS COMPANY, INC.

PORT ST. JOE, FLORIDA

GULF COUNTY

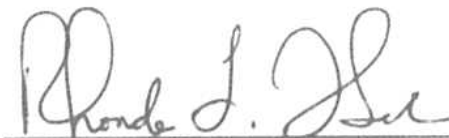
CONSERVATION AUDIT

DOCKET NUMBER - 970002-EG

AUDIT CONTROL NUMBER 96-149-1-2



CHRISTOPHER HOLMAN  
AUDIT MANAGER



RHONDA HICKS  
REGULATORY ANALYST SUPERVISOR  
TALLAHASSEE DISTRICT OFFICE

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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 true-up and interest exhibits for the twelve month period ending September 30, 1996 prepared by St. Joe Natural Gas Company, Inc. for their Petition for approval of Conservation True-Up amounts. There are no confidential documents associated with the audit report.

**DISCLAIM PUBLIC USE:** This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied on 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 ECCR exhibits for the twelve months period ended September 30, 1996 represent St. Joe Natural Gas 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.

### SUMMARY FINDINGS:

The Company does not record its Conservation interest in the General Ledger. (Disclosure No. 1)

## II. AUDIT SCOPE

The opinions contained in this report are based on the audit work described below. When used in this report the following definitions shall apply:

**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:** 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.

### SCOPE OF WORK PERFORMED

**CONSERVATION REVENUES:** Compiled the conservation revenue account to determine that the Company has used the approved ECCR factor including taxes as set forth in Commission Orders No. PSC-95-0398-FOF-EG, PSC-96-0352-FOF-EG, and PSC-96-0352A-FOF-EG; reconciled therms sold and number of Company billings to selected Company billing summaries.

**CONSERVATION EXPENSES:** Examined conservation expenses reported; read all invoices supporting incentive payments; there were no advertising expenses.

**OTHER:** Recomputed Company true-up and interest provision; determined the non-fuel rates charged to customers represent the authorized rate for Conservation.

III. AUDIT DISCLOSURES

AUDIT DISCLOSURE NO. 1

SUBJECT: UTILITY GENERAL LEDGER NOT ACCURATE

**STATEMENT OF FACT:** The Utility does not record its Conservation interest. Currently the Utility records Conservation expenditures in account 184 on a monthly basis. Conservation revenues are recorded each month in account 186. Interest associated with Conservation activities is not recorded on the Utility's books.

**OPINION:** Interest should be included monthly in the accounts with a one time correcting entry.

**COMPANY COMMENT:** The Company may respond at a later date.

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
SUMMARY OF EXPENSES BY PROGRAM BY MONTH  
FOR MONTHS: OCTOBER 1995 THROUGH SEPTEMBER 1996

EXPENSES	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
PROGRAM 1:	1,700	850	1,700	950	2,900	2,725	425	1,275	365	1,975	675	425	15,985
PROGRAM 2:	1,350	1,350	4,500	1,502	2,025	2,700	1,350	675	1,575	900	1,125	675	19,727
PROGRAM 3:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 4:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 5:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 6:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 7:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 8:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3,050</b>	<b>2,200</b>	<b>6,200</b>	<b>2,452</b>	<b>4,925</b>	<b>5,425</b>	<b>1,775</b>	<b>1,950</b>	<b>1,940</b>	<b>2,875</b>	<b>1,800</b>	<b>1,100</b>	<b>35,692</b>
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>RECOVERABLE CONSERVATION EXPENSES</b>	<b>3,050</b>	<b>2,200</b>	<b>6,200</b>	<b>2,452</b>	<b>4,925</b>	<b>5,425</b>	<b>1,775</b>	<b>1,950</b>	<b>1,940</b>	<b>2,875</b>	<b>1,800</b>	<b>1,100</b>	<b>35,692</b>

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CALCULATION OF TRUE - UP AND INTEREST PROVISION  
FOR MONTHS OCTOBER 1995 THROUGH SEPTEMBER 1996

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	(9,736)	(8,874)	(11,565)	(11,778)	(22,716)	(27,414)	(29,982)	(28,598)	(27,148)	(25,584)	(23,116)	(21,701)	
2. ENDING TRUE - UP BEFORE INTEREST	(8,828)	(11,515)	(11,722)	(22,836)	(27,303)	(29,534)	(28,466)	(27,024)	(25,475)	(23,805)	(21,800)	(20,888)	
3. TOTAL BEGINNING & ENDING TRUE - UP	(18,564)	(20,389)	(23,286)	(34,414)	(50,019)	(56,948)	(58,128)	(55,822)	(52,624)	(48,589)	(44,715)	(42,589)	
4. AVERAGE TRUE - UP (LINE 3 TIMES 50%)	(9,282)	(10,194)	(11,643)	(17,207)	(25,010)	(28,474)	(29,064)	(27,811)	(26,312)	(24,300)	(22,358)	(21,295)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.940%	5.810%	5.800%	5.810%	5.400%	5.330%	5.500%	5.400%	5.400%	5.520%	5.450%	5.400%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.810%	5.800%	5.810%	5.400%	5.330%	5.500%	5.400%	5.400%	5.520%	5.450%	5.400%	0.000%	
7. TOTAL (SUM LINES 5 & 6)	11.750%	11.610%	11.610%	11.210%	10.730%	10.830%	10.900%	10.800%	10.920%	10.970%	10.850%	5.400%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.875%	5.805%	5.805%	5.605%	5.365%	5.415%	5.450%	5.400%	5.460%	5.485%	5.425%	2.700%	
9. MONTHLY AVG INTEREST RATE	0.490%	0.484%	0.484%	0.467%	0.447%	0.451%	0.454%	0.450%	0.455%	0.457%	0.452%	0.225%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(45)	(49)	(56)	(80)	(112)	(128)	(132)	(125)	(120)	(111)	(101)	(48)	(1,109)

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ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR MONTHS: OCTOBER 1995 THROUGH SEPTEMBER 1998

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	(2,142)	(4,842)	(8,357)	(13,309)	(9,511)	(7,544)	(579)	(378)	(265)	(286)	(284)	(288)	(45,783)
4. TOTAL REVENUES	(2,142)	(4,842)	(8,357)	(13,309)	(9,511)	(7,544)	(579)	(378)	(265)	(286)	(284)	(288)	(45,783)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(811)	(811)	(811)	(811)	(811)	(811)	(811)	(811)	(811)	(811)	(811)	(811)	(9,738)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(2,953)	(5,653)	(7,169)	(14,121)	(10,323)	(8,355)	(1,390)	(1,187)	(1,077)	(1,097)	(1,095)	(1,099)	(55,519)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	3,050	2,200	8,200	2,452	4,925	5,425	1,775	1,950	1,940	2,875	1,800	1,100	35,802
8. TRUE-UP THIS PERIOD	97	(3,453)	(988)	(11,889)	(5,398)	(2,930)	385	763	863	1,778	705	1	(19,828)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(45)	(49)	(56)	(80)	(112)	(128)	(132)	(125)	(120)	(111)	(101)	(48)	(1,108)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(9,738)	(8,874)	(11,565)	(11,778)	(22,716)	(27,414)	(29,662)	(28,598)	(27,149)	(25,594)	(23,116)	(21,701)	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	811	811	811	811	811	811	811	811	811	811	811	811	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(8,874)	(11,565)	(11,778)	(22,716)	(27,414)	(29,662)	(28,598)	(27,149)	(25,594)	(23,116)	(21,701)	(20,936)	(20,936)



State of Florida

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JULIA L. JOHNSON  
DIANE K. KIESLING  
JOE GARCIA



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

**Public Service Commission**

January 7, 1997

Mr. Stuart L. Shoaf  
St. Joe Natural Gas Company, Inc.  
Post Office Box 549  
Port St. Joe, Florida 32457-0549

RE: Docket No. 970002-EG -- St. Joe Natural Gas Company, Inc.  
Conservation Audit Report - Period Ended September 30, 1996  
Audit Control # 96-149-1-2

Dear Mr. Shoaf:

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,

A handwritten signature in cursive script that reads "Blanca S. Bayo".

Blanca S. Bayo

BSB/cls  
Enclosure  
cc: Public Counsel