

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED SEPTEMBER 30, 1997

FIELD WORK COMPLETED

NOVEMBER 13, 1997

PEOPLES GAS
formerly WEST FLORIDA NATURAL GAS

PANAMA CITY, FLORIDA

BAY COUNTY

PURCHASED GAS ADJUSTMENT AUDIT

DOCKETED NO. 970003-GU

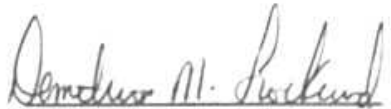
AUDIT CONTROL NO. 97-160-1-2

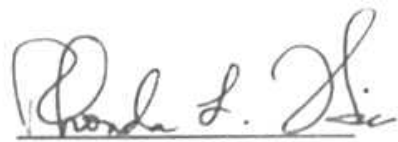
Audit Staff

Chrissy Vendetti

Minority Opinion

Yes No *mv*


DEMETRIUS M. LOCKWOOD
AUDIT MANAGER


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I. EXECUTIVE SUMMARY

AUDIT PURPOSE: We have applied the procedures described in Section II of this report and have recalculated the true-up and interest exhibits filed by Peoples Gas (formerly West Florida Natural Gas Company) for the twelve months ended September 30, 1997, to determine that the reported amounts represent the utility's books and records and that those books and records are maintained in compliance with Commission directives and that facts which influence the Commission's decision process are disclosed.

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 auditing standards and produce audited financial statements for public use.

OPINION: Subject to the audit disclosure, the Purchased Gas Adjustment exhibits for the twelve months ended September 30, 1997, represent Peoples Gas' (formerly West Florida Natural Gas Company) books and records maintained in substantial compliance with Florida Public Service Commission prescribed rules, directives, and procedures. The expressed opinions extend only to the scope of work described in Section II of this report.

SUMMARY FINDINGS: The purchased gas and transportation costs referenced in the exhibits are not supported by the Company's books and records.

II. AUDIT SCOPE

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

COMPILED - 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.

REVENUES: Compiled the Purchased Gas Adjustment revenue account and determined that the Company has used the approved PGA factors, including taxes, as set forth in Commission Orders PSC-96-1197-FOF-GU, PSC-97-0089-FOF-GU, and PSC-97-0292-FOF-GU; calculated revenues per therm usage and compared those calculated dollar amounts to the actual dollar amounts listed with the sales journal and general ledger; analyzed all billing cycle days in the month of October 1996 and September 1997 (per sales journal) for the therm usage of Residential, Commercial, Large Commercial, Industrial- firms, and Industrial-interruptible at Panama City and Ocala and compared revenues associated with those therm units sold to the data contained within the utility's Billing List.

EXPENSES: Recalculated PGA Transportation and Purchased Gas cost for the audit period; reconciled hand-bills and supporting documents to the general ledger; traced general ledger account balances to sales journals.

OTHER: Recalculated Company true-up and interest provision; verified the correct beginning true-up; verified the interest rates applied to under/over recovered amounts for the twelve months ended September 30, 1997.

AUDIT EXCEPTION NO. 1

SUBJECT: EXPENSES

STATEMENT OF FACT: The Company filed A-2 schedules with the Commission which reported total expenses per Company's books and records.

The audit staff compiled the expenses and compared them to the Company filing. The following differences were noted:

<u>Month</u>	<u>Per A-2 Schedule</u>	<u>Per Company General Ledger</u>	<u>Variance</u>
Oct. 1996	\$578,945	\$581,657	\$2,712
Nov. 1996	\$749,318	\$738,632	(\$10,686)
Feb. 1997	\$1,254,056	\$1,259,175	\$5,119
May 1997	\$1,138,595	\$1,123,329	(\$15,266)
June 1997	\$374,755	\$374,528	(\$227)
July 1997	\$536,993	\$493,333	(\$43,660)
Aug. 1997	\$422,677	\$530,099	\$107,422
Sept. 1997	\$426,312	\$485,131	\$58,819

The general ledger balances are correct and the variances resulted from misstated gas management expenses, invoices not posted, and omitted entries to the general ledger at the time of filing. As a result, total expenses filed with the Commission are not supported by the Company's books and records.

RECOMMENDATION: The audit staff recommends the Company submit revised A-2 schedules to the Commission. The audit staff recalculated the Company filing by incorporating the adjustments mentioned above. (SEE ATTACHED)

DESCRIPTION	APRIL 86		MARCH 87		PERIOD TO DATE	
	ACTUAL	REVIS'D ESTIMATE	ACTUAL	REVIS'D ESTIMATE	ACTUAL	REVIS'D ESTIMATE
	AMOUNT	%	AMOUNT	%	AMOUNT	%
TRUE UP CALCULATION						
1 PURCHASED GAS COST	377,814	0.14058	230,844	0.385328	7,050,140	3,208,041
2 TRANSPORTATION COST (as line 1, 2, 4, 5 & 6)	201,130	2,094,800	8,380	0.038905	1,517,917	1,387,715
3 TOTAL	578,945	824,148	245,201	0.297524	4,174,088	4,895,756
4 FUEL REVENUES	581,400	889,191	107,791	0.156402	4,080,035	4,399,887
5 NET OF REVENUE TAX	27,454	22,454	0	0	157,178	157,178
6 TRUE-UP (COLLECTED OR REFUNDED)	803,854	711,845	107,791	0.151488	4,237,217	4,550,885
7 FUEL REVENUE APPLICABLE TO PERIOD	24,909	111,750	1137,432	1.221408	82,155	1108,891
8 TRUE UP PROVISION THIS PERIOD	1341	1,858	1,890	0.017128	1,837	18,260
9 INTEREST PROVISION THIS PERIOD (21)	18,001	500,849	509,310	1.0173	88,145	915,457
10 BEGINNING OF PERIOD TRUE UP AND INTEREST	0	0	0	0	0	0
11 PGA AUDIT ADJ. (inward with 12/94)	127,454	127,454	0	0	1157,178	1157,178
12 TRUE UP COLLECTED OR (REFUNDED) REVERSE OF LINE 5	0	0	0	0	0	0
13 FLEX RATE REFUND (if applicable)	18,239	267,848	373,888	1.01897	10,232	387,848
14 TOTAL ESTIMATED ACTUAL TRUE UP						
17 * 8 + 9 + 10 + 14d						
INTEREST PROVISION						
12 BEGINNING TRUE UP AND INTEREST PROVISION (8)	18,001	500,849	509,310	1.0173		
13 ENDING TRUE UP BEFORE INTEREST (12 + 7 5)	114,807	888,341	881,208	1.01718		
14 TOTAL (12 + 13)	17,432	433,171	440,804	1.01718		
15 AVERAGE (50% OF 14)	0.05440	0.05400	0.0004	0.00741		
16 INTEREST RATE FIRST DAY OF MONTH	0.05380	0.05440	0.0008	0.014028		
17 INTEREST RATE FIRST DAY OF SUBSEQUENT MONTH	0.10820	0.10840	0.0002	0.001845		
18 TOTAL (16 + 17)	0.05410	0.06420	0.0001	0.001845		
19 AVERAGE (50% OF 18)	0.00451	0.00457	8.33E-08	0.001845		
20 MONTHLY AVERAGE (18)(12 Months)	34	1956	1585.959	1.01728		
21 INTEREST PROVISION (15)(20)						

If line 5 is a refund add column 4
If line 6 is a refund () subtract from line 4

COMPANY WEST FLORIDA NATURAL GAS CO
CALCULATION OF TRUE UP AND INTEREST PROVISION

APRIL 96 THROUGH MARCH 97

FOR THE PERIOD OF

	APRIL 96		THROUGH		MARCH 97		PERIOD TO DATE	
	ACTUAL	REVISED ESTIMATE	DIFFERENCE AMOUNT	%	ACTUAL	REVISED ESTIMATE	DIFFERENCE AMOUNT	%
TRUE UP CALCULATION								
1 PURCHASED GAS COST	689,870	607,800	113,270	0.141027	3,345,810	4,070,841	725,131.49	0.1781238
2 TRANSPORTATION COST (ALINE 1, 7, 4, 5 & 8)	59,848	77,738	218,088	0.84209	1,577,868	1,775,453	197,887	0.1114574
3 TOTAL	749,318	1,180,838	431,370	0.385328	4,923,378	5,846,294	923,019	0.1578783
4 FUEL REVENUES	712,092	887,884	175,792	0.18789	4,782,127	5,287,571	495,444	0.0938998
NET OF REVENUE TAX	22,454	27,454	0	0	179,632	179,632	0	0
5 TRUE-UP (COLLECTED) OR REFUNDED	734,545	910,338	175,792	0.193107	4,961,759	5,467,203	495,444	0.0980211
6 FUEL REVENUE APPLICABLE TO PERIOD								
ALINE 4 (LINE 5)	114,731	1270,300	(255,528)	0.845347	48,284	1378,181	(147,575)	1.1275974
7 TRUE UP PROVISION THIS PERIOD								
ALINE 6 (LINE 3)	11,121	899	1,112	1.112212	1,575	18,258	0	0
8 INTEREST PROVISION THIS PERIOD (LINE 1)	18,238	367,648	373,887	1.01887	88,145	815,457	0	0
9 BEGINNING OF PERIOD TRUE UP AND INTEREST	0	0	0	0	0	0	0	0
9a PGA ADJUST (Detail with 12/94)	122,454	122,454	0	0	1178,632	(179,632)	0	0
10 TRUE UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	0	0	0	0	0	0	0	0
10a FLEX RATE REFUND (if applicable)	0	75,893	119,471	1.574192	143,577	75,893	119,471	1.5741918
11 TOTAL ESTIMATED/ACTUAL TRUE UP (LINE 9 + 10 + 10a)	18,238	367,648	373,887	1.01887	88,145	815,457	0	0
INTEREST PROVISION								
12 BEGINNING TRUE UP AND INTEREST PROVISION (9)	143,465	74,894	118,259	1.580358	1,577	18,258	0	0
13 ENDING TRUE UP BEFORE INTEREST (12 + 13)	149,704	442,542	482,248	1.112315	1,577	18,258	0	0
14 TOTAL (12 + 13)	124,852	221,271	246,123	1.112315	1,577	18,258	0	0
15 AVERAGE (50% OF 14)	0.05380	0.05400	0.0002	0.003704	0.0002	0.0002	0	0
16 INTEREST RATE FIRST DAY OF MONTH	0.05450	0.05440	-0.0001	-0.00484	0.0001	0.0001	0	0
17 INTEREST RATE FIRST DAY OF SUBSEQUENT MONTH	0.10830	0.10840	0.0001	0.000923	0.0001	0.0001	0	0
18 TOTAL (16 + 17)	0.05415	0.05420	0.0005	0.000923	0.0005	0.0005	0	0
19 AVERAGE (50% OF 18)	0.00451	0.00452	0.00001	0.000023	0.00001	0.00001	0	0
20 MONTHLY AVERAGE (18/12 Months)	0.11212	0.11212	0	0	0.11212	0.11212	0	0
21 INTEREST PROVISION (115x20)	112	999	111,552	1.11212	111,552	1.11212	0	0

If line 5 is a refund add below 4
If line 8 is a collection () subtract from line 4

	APRIL 98		JANUARY 1997		MARCH 97		PERIOD TO DATE	
	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE
1 PURCHASED GAS COST	1,304,884	1,800,480	485,778	0	2,775,381	0	5,742,010	6,238,774
2 TRANSPORTATION COST (AI) (LINES 1, 2, 4, 5 & 8)	408,880	415,230	8,370	0	0,701,817	0	2,422,701	2,388,587
3 TOTAL	1,713,764	2,215,710	494,148	0	3,477,198	0	8,164,711	8,627,361
4 FUEL REVENUES	1,558,346	2,052,856	493,748	0	2,405,011	0	7,270,801	8,034,701
5 NET OF REVENUE TAX	22,454	27,454	0	0	0	0	22,454	27,454
6 TRUE UP (COLLECTION) OR REFUND	1,581,702	2,075,450	493,748	0	2,376,899	0	7,485,347	8,259,241
7 FUEL REVENUE APPLICABLE TO PERIOD	1,128,843	1,140,240	110,388	0	0,741,477	0	18,701,384	13,871,208
8 TRUE UP PROVISION THIS PERIOD	12,481	12,017	1,489	0	7,288	0	12,813	11,401
9 BEG. OF PERIOD TRUE UP AND INTEREST	1856,585	1342,208	314,387	0	0,8187	0	88,145	88,145
10 P.G.A. ALERT (1/2) (REVISED 1/2/84)	0	0	0	0	0	0	0	0
11 TRUE UP CURRIC (1/2) OR (2) (LUMIN)	1,274,541	1,274,541	0	0	0	0	1,274,540	1,274,540
12 REVERSE OF LINE 5	0	0	0	0	0	0	0	0
13 TRUE RATE REFUND (if applicable)	1812,377	1508,918	308,458	0	0,60258	0	1812,377	1508,918
14 TOTAL ESTIMATE/ACTUAL TRUE UP	17,899,104	17,899,104	17,899,104	17,899,104	17,899,104	17,899,104	17,899,104	17,899,104

	APRIL 98		JANUARY 1997		MARCH 97		PERIOD TO DATE	
	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE
12 BEG. OF TRUE UP AND INTEREST PROVISION (8)	1856,585	1342,208	314,387	0	0,8187	0	88,145	88,145
13 ENDING TRUE UP BEFORE INTEREST (12 + 7 5)	1808,891	1504,907	303,889	0	80208	0	80208	80208
14 TOTAL (12 + 13)	11,485,486	1847,118	818,278	0	72888	0	72888	72888
15 AVERAGE (50% OF 14)	1732,743	1423,559	309,188	0	72888	0	72888	72888
16 INTEREST RATE FIRST DAY OF MONTH	0,05850	0,05850	0,05850	0	0	0	0	0
17 INTEREST RATE FIRST DAY OF SUBSEQUENT MONTH	0,05450	0,05450	0	0	0	0	0	0
18 TOTAL (16 + 17)	0,11300	0,11300	0	0	0	0	0	0
19 AVERAGE (50% OF 18)	0,05650	0,05650	0,05650	0	0	0	0	0
20 MONTHLY AVERAGE (18/12 Months)	0,00475	0,00475	0,00475	0	0	0	0	0
21 INTEREST PROVISION (15+20)	3481	2012	1466,844	0	72888	0	72888	72888

If line 6 is a refund add column 4
If line 6 is a collection (-) subtract from line 4

REVISOR

COMPANY WEST ILLINOIS NATURAL GAS CO

CALCULATION OF TRUE UP AND INTEREST PROVISION

	APRIL 98		MARCH 97		PERIOD TO DATE	
	CURRENT MONTH		CURRENT MONTH		ACTUAL	DIFFERENCE
	ACTUAL	REVISED ESTIMATE	ACTUAL	REVISED ESTIMATE		
					AMOUNT	%
TRUE UP CALCULATION						
1 PURCHASED GAS COST	430,862	1,032,180	881,218	0.805411	7,005,271	0.2117239
2 TRANSPORTATION COST (AS PER 1, 4, 5 & 6)	384,010	412,130	28,170	0.088231	2,278,468	0.010742
3 TOTAL	814,872	1,514,310	909,388	0.458742	10,273,739	0.1628915
4 FUEL REVENUES	911,580	1,459,088	547,509	0.375228	8,434,322	0.1818433
5 NET OF REVENUE (A-Z)	27,454	27,454	0	0	289,448	0
6 TRUE UP COLLECTED OR REFUNDED	934,043	1,481,553	547,509	0.368851	8,703,771	0.1578835
7 TRUE UP PROVISION THIS PERIOD	118,073	(22,757)	(141,828)	0.222204	(530,868)	0.0504336
8 INTEREST PROVISION THIS PERIOD (2%)	(5,833)	(3,270)	214	0.08337	110,888	0
9 BEGINNING OF PERIOD TRUE UP AND INTEREST	(818,190)	(701,357)	116,753	0.18851	86,145	0
10 FLEX ADJUST (with 17/94) PREVIOUS OF LINE 5)	(22,454)	(22,454)	0	0	(269,448)	0
11 TOTAL ESTIMATE/ACTUAL TRUE UP	(775,157)	(749,876)	(24,818)	0.033082	(725,157)	0.0330822
17 * 8 * 9 * 10 * 11						
INTEREST PROVISION						
12 BEGINNING TRUE UP AND INTEREST PROVISION (8)	(818,190)	(701,357)	116,753	0.18851		
13 ENDING TRUE UP BEFORE INTEREST (12 + 7 5)	(771,571)	(748,608)	(25,038)	0.033522		
14 TOTAL (12 + 13)	(1,539,782)	(1,448,005)	91,757	0.08227		
15 AVERAGE (50% OF 14)	(789,891)	(724,003)	45,878	0.08337		
16 INTEREST RATE FIRST DAY OF MONTH	0.05430	0.05430	0	0		
17 INTEREST RATE FIRST DAY OF SUBSEQUENT MONTH	0.05740	0.05740	0	0		
18 TOTAL (16 + 17)	0.11170	0.11170	0	0		
19 AVERAGE (50% OF 18)	0.05585	0.05585	0	0		
20 MONTHLY AVERAGE (19/12 Months)	0.00465	0.00465	0	0		
21 INTEREST PROVISION (15 * 20)	3583	3370	213,6205	0.08337		

If line 6 is a refund add minus 4
If line 6 is a collection (1) subtract from line 4

COMPANY WEST ILLINOIS NATURAL GAS CO CALCULATION OF TRUE UP AND INTEREST PROVISION

	APRIL 97		Through		MARCH 98		PERIOD TO DATE		
	CURRENT MONTH		APRIL 1997						
	ACTUAL	ORIGINAL ESTIMATE	DIFFERENCE AMOUNT	%	ACTUAL	ORIGINAL ESTIMATE	DIFFERENCE AMOUNT	%	
TRUE UP CALCULATION									
1	PURCHASED GAS COST	389,975	322,920	147,005	0.14558	388,925	322,920	47,005	0.145582
2	TRANSPORTATION COST (A) Line 11 less 4 & 8)	44,034	293,247	(154,587)	0.52718	447,834	283,247	1194,587	0.527158
3	TOTAL	817,755	810,187	(201,592)	0.32717	817,758	818,187	(201,592)	0.327171
4	FUEL REVENUES	742,358	843,758	101,402	0.120178	742,358	843,758	101,402	0.120178
5	TRUE UP (COLLECTION OR REFUNDED)	151,800	151,800	0	0	151,800	151,800	0	0
6	TRUE UP PROVISION THIS PERIOD (21)	690,558	291,859	101,402	0.12804	690,558	291,858	101,402	0.1280398
7	TRUE UP PROVISION THIS PERIOD (17)	(127,203)	175,791	302,854	1.723604	1127,203	175,791	302,894	1.7236038
8	INTEREST PROVISION THIS PERIOD (21)	13,811	12,873	737	0.25885	13,811	12,873	0	0
9	BEGINNING OF PERIOD TRUE UP AND INTEREST	1725,157	(749,878)	(24,818)	0.033093	1725,157	(749,878)	0	0
10	PGA ADJUSTMENT (with 12/94)	0	0	0	0	0	0	0	0
11	TOTAL ESTIMATED/ACTUAL TRUE UP (17 + 8 + 9 + 10 + 104)	1804,171	(575,258)	278,912	0.531	1804,171	(575,258)	278,912	0.531
INTEREST PROVISION									
12	BEGINNING TRUE UP AND INTEREST PROVISION (8)	1725,157	(749,878)	(24,818)	0.033093	1725,157	(749,878)	0	0
13	ENDING TRUE UP BEFORE INTEREST (12 + 7 + 5)	1800,508	1527,385	278,175	0.53251	1800,508	1527,385	0	0
14	TOTAL (12 + 13)	11,325,717	11,272,381	253,358	0.18812	11,325,717	11,272,381	0	0
15	AVERAGE (50% OF 14)	1782,859	1838,181	128,678	-0.18812	1782,859	1838,181	128,678	-0.18812
16	INTEREST RATE - FIRST DAY OF MONTH	0.05740	0.05400	0.0034	0.08288	0.05740	0.05400	0.0034	0.08288
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05870	0.05440	0.0043	0.3308	0.05870	0.05440	0.0043	0.3308
18	TOTAL (16 + 17)	0.11380	0.10840	0.0054	0.04787	0.11380	0.10840	0.0054	0.04787
19	AVERAGE (50% OF 18)	0.05690	0.05420	0.0027	0.04787	0.05690	0.05420	0.0027	0.04787
20	MONTHLY AVERAGE (18/12 Months)	0.00473	0.00452	-0.00022	0.04787	0.00473	0.00452	-0.00022	0.04787
21	INTEREST PROVISION (18+20)	2611	2873	277,463	0.25885	2611	2873	277,463	0.25885

If line 6 is a reduced add value 4
If line 5 is a subtraction subtract from line 4

COMPANY WEST FLORIDA NATURAL GAS CO

CALCULATION OF TRUE-UP AND INTEREST PROVISION

	FOR THE PERIOD OF				PERIOD TO DATE			
	APRIL 87		MARCH 88		ORIGINAL ESTIMATE		DIFFERENCE	
	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE
1 PURCHASED GAS COST	878,140	459,057	1,170,003	0.37051	888,065	181,917	21,708.03	0.277614
2 TRANSPORTATION COST (ALINE 11 line 4 & 8)	509,455	82,417	1147,043	0.40574	957,288	855,859	1,301,830	0.480041
3 TOTAL	1,387,595	541,474	2,317,046	0.38806	1,845,353	1,437,820	15,187,181	0.380813
4 FUEL REVENUES	738,228	757,138	18,903	0.024887	1,480,992	1,800,897	170,308	0.0751487
5 TRUE-UP COLLECTED OR REFUNDED	151,800	151,800	0	0	1103,800	1103,800	0	0
6 FUEL REVENUE APPLICABLE TO PERIOD	898,428	705,338	18,903	0.0268	1,378,892	1,497,297	120,309	0.0803483
7 TRUE-UP PROVISION THIS PERIOD	1457,180	1118,130	338,030	2.89258	1578,342	58,881	838,024	10.71081
8 INTEREST PROVISION THIS PERIOD (11)	14,895	17,608	2,089	0.80177	18,308	15,479	0	0
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	1804,171	1535,268	278,913	0.831	1725,157	1748,878	0	0
10 TRUE-UP COLLECTED OR REFUNDED	51,800	51,800	0	0	103,600	103,600	0	0
11 TOTAL ESTIMATED ACTUAL TRUE-UP	11,208,278	1592,184	817,032	1.04184	11,208,328	1582,184	817,032	1.041842

If line 8 is a refund add table 4
If line 6 is a subtraction subtract from line 4

	APRIL 87	MAY 1987	DIFFERENCE	%
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	1804,171	1525,184	278,913	0.531
13 ENDING TRUE-UP BEFORE INTEREST (12 + 7.5)	11,204,531	1389,589	814,842	1.043
14 TOTAL (12 + 13)	12,608,702	11,114,848	893,856	0.80177
15 AVERAGE (50% OF 14)	11,004,351	1537,423	448,828	0.80177
16 INTEREST RATE FIRST DAY OF MONTH	0.05820	0.05820	0	0
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05800	0.05800	0	0
18 TOTAL (16 + 17)	0.11720	0.11720	0	0
19 AVERAGE (50% OF 18)	0.05810	0.05810	0	0
20 MONTHLY AVERAGE (18/12 Months)	0.00489	0.00488	0	0
21 INTEREST PROVISION (15 * 20)	4895	2808	2089.387	0.80177

COMPANY WEST FLORIDA NATURAL GAS CO
CALCULATION OF TRUE UP AND INTEREST PROVISION

APRIL 87
MARCH 88

FOR THE PERIOD OF	APRIL 87		MARCH 88		PERIOD TO DATE			
	CURRENT MONTH (JUNE 1987)		DIFFERENCE		DIFFERENCE			
	ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
TURF UP CALCULATION								
1. PURCHASED GAS COST (line 4 and 2)	184,834	450,741	274,007	0.591042	1,183,889	1,240,818	58,929	0.0458865
2. TRANSPORTATION COST (line 1, 2, 5 & 6)	189,821	254,042	84,221	0.252787	1,142,110	809,701	332,409	0.260975
3. TOTAL	3,475	717,503	338,228	0.474384	2,331,109	2,150,819	180,490	0.081975
4. FUEL REVENUE	870,578	748,498	122,080	0.170921	2,101,119	2,349,395	248,276	0.1058788
5. TRUE UP REVENUE (TAX)	151,808	151,808	0	0	1155,400	1155,400	0	0
6. TRUE UP COLLECTION OR REFUNDED	588,726	896,698	127,872	0.183883	1,945,718	2,183,895	248,177	0.1131819
7. TRUE UP PROVISION THIS PERIOD	153,571	118,785	34,786	12.91109	385,391	43,278	428,787	8.888797
8. TRUE UP PROVISION THIS PERIOD (2%)	15,078	17,885	2,797	0.22114	113,385	18,184	0	0
9. TRUE UP COLLECTION (10%)	1,209,228	1,521,241	817,013	1.04194	1,725,157	1,749,078	0	0
10. TRUE UP COLLECTION (10%)	51,808	51,808	0	0	155,400	155,400	0	0
11. TOTAL ESTIMATED ACTUAL TRUE UP	1,888,533	1,558,364	409,189	0.73149	1,988,533	1,559,364	409,189	0.731489
12. TRUE UP PROVISION								
17. BE GAINED TRUE UP AND	11,208,228	15,921,841	817,012	1.04194				
18. INTEREST PROVISION (10)	198,455	155,878	408,778	0.73072				
19. TRUE UP TRUE UP BEFORE	12,172,881	11,148,822	1,022,908	0.89114				
20. AVERAGE (50% OF 14)	11,088,248	15,24,437	811,804	0.88114				
21. INTEREST RATE FIRST	0.05800	0.05800	0	0				
22. INTEREST RATE FIRST	0.05820	0.05820	0	0				
23. TOTAL (16 + 17)	0.11220	0.11220	0	0				
24. AVERAGE (50% OF 18)	0.05810	0.05810	0	0				
25. MONTHLY AVERAGE (18/12 Months)	0.00488	0.00488	0	0				
26. INTEREST PROVISION (18 + 20)	5079	2895	2283.15	0.89114				

If line 8 is a refund add value 4
If line 9 is a subtraction subtract from line 4

SCHEDULE A 2
 PREVIOUS 0000041

DESCRIPTION	APRIL 97		MARCH 98		PERIOD TO DATE			
	CURRENT MONTH (ART 189)		CURRENT MONTH (ART 189)		ACTUAL	ORIGINAL ESTIMATE		
	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	AMOUNT	DIFFERENCE		
1. TRUE UP APPLICATION								
1. FURNISHED GAS (USE LINE 4 AND 3)	345,372	450,841	113,810	0,247,600	1,529,321	1,899,059	1,705,30	0.1003248
2. TRANSPORTATION COST (AT LINE 1, 2, 5 & 6)	191,871	283,434	71,783	0,272,114	1,338,781	1,173,135	(165,646)	0.141199
3. TOTAL	538,893	734,275	185,593	0,258,288	2,868,102	2,872,894	4,892	0.0017028
4. FUEL REVENUE	214,890	157,855	23,185	0,030,866	2,838,808	2,107,350	731,442	0.0873315
5. TRUE UP COLLECTED OR REFUNDED	151,800	151,800	0	0	1207,200	1207,200	0	0
6. FUEL REVENUE APPLICABLE TO PERIOD	682,880	708,055	23,185	0,032,808	2,828,808	2,900,050	71,242	0.093599
7. TRUE UP PROVISION THIS PERIOD	145,897	116,320	118,271	9,939,788	1238,494	27,058	288,550	9.8517774
8. LINE 6 LINE 3	14,051	17,527	1,531	0,8057	117,444	110,892	6,552	0
9. BEGINNING OF PERIOD TRUE UP AND INTEREST	(548,533)	(559,384)	409,189	0,73149	(725,157)	(748,978)	23,821	0
9a. PGA ADJUSTMENT (12/94)	0	0	0	0	0	0	0	0
10. TRUE UP COLLECTED UNREFUNDED REVERSE OF LINE 5	51,800	51,800	0	0	207,300	207,300	0	0
10a. FLEX RATE (REVERSED & APPLICABLE)	0	0	0	0	0	0	0	0
11. TOTAL ESTIMATED FINAL TRUE UP	(774,994)	(528,412)	248,483	0,47203	(774,894)	(528,412)	248,482	0.472033
17. 8. 9. 10. 11. TOTAL	(988,533)	(559,384)	409,189	0,73149	(774,894)	(528,412)	248,482	0.472033
12. BEGINNING TRUE UP AND INTEREST PROVISION (8)	(770,838)	(523,884)	248,852	0,47128	(774,894)	(523,884)	251,010	0.479113
13. ENDING TRUE UP BEFORE INTEREST (12 + 7 + 5)	11,739,389	11,083,248	858,121	0,6087	12,072,000	11,089,200	982,800	0.0883715
14. TOTAL (12 + 13)	10,960,851	10,560,000	1,106,973	0,60957	11,297,106	10,600,400	696,706	0.0657185
15. AVERAGE (50% OF 14)	0,05870	0,05870	0	0	0	0	0	0
16. INTEREST RATE FIRST DAY OF MONTH	0,05580	0,05580	0	0	0	0	0	0
17. INTEREST RATE FIRST DAY OF SUBSEQUENT MONTH	0,11200	0,11200	0	0	0	0	0	0
18. TOTAL (16 + 17)	0,05600	0,05600	0	0	0	0	0	0
19. AVERAGE (50% OF 18)	0,00487	0,00487	0	0	0	0	0	0
20. MONTHLY AVERAGE (18/12 Months)	4055	2528	1520,548	0,6057	4055	2528	1527,527	0.6057
21. INTEREST PROVISION (15+20)								

If line 6 is a refund add table 4
 If line 6 is a collection (-) subtract from line 4

	APRIL 97		Through		MARCH 98		PERIOD TO DATE	
	CURRENT MONTH		AUGUST 1997		DIFFERENCE		ACTUAL	
	ACTUAL	ORIGINAL ESTIMATE	AMOUNT	%	AMOUNT	%	AMOUNT	%
1 PURCHASED GAS COST (line 4 and 5)	231,858	475,830	243,872	0.512314	1,781,778	2,175,489	414,210	0.1893888
2 TRANSPORTATION COST (A1 line 1, 2, 5 & 6)	180,719	289,754	89,035	0.34178	1,529,500	1,482,889	168,811	0.045534
3 TOTAL	412,577	765,584	332,907	0.44756	3,280,778	3,638,278	347,588	0.0855368
4 FUEL REVENUE	545,551	800,703	255,152	0.31888	3,381,359	3,807,953	978,594	0.1347484
5 TRUE UP COLLECTED ON REFUNDED SHEET OF REVENUE TAX	151,800	151,800	0	0	1298,000	1298,000	0	0
6 FUEL REVENUE APPLICABLE TO PERIOD (line 4) - (line 5)	493,751	748,903	255,152	0.340701	3,122,359	3,648,953	526,594	0.1443138
7 TRUE UP PROVISION THIS PERIOD (line 6 - line 3)	71,074	118,481	187,551	0.312472	1188,420	10,578	178,988	18.928258
8 INTEREST PROVISION THIS PERIOD (line 7)	13,317	12,381	850	0.40237	120,758	113,053	0	0
9 BEGINNING OF PERIOD TRUE UP AND INTEREST	1774,894	1578,417	248,482	0.47203	1725,157	1749,976	0	0
9a PQA ADJUST IDENTIFIED WITH 12/94	0	0	0	0	0	0	0	0
10 TRUE UP COLLECTED ON REFUNDED SHEET OF LINE 5	51,800	51,800	0	0	259,000	258,000	0	0
10a FILER RATE REFUND BE APPLICABLE	0	0	0	0	0	0	0	0
11 TOTAL ESTIMATED ACTUAL TRUE UP (line 7 + line 10)	1855,331	1483,454	181,878	0.22805	1885,331	1483,454	181,878	0.228051

	APRIL 97		Through		MARCH 98		PERIOD TO DATE	
	CURRENT MONTH		AUGUST 1997		DIFFERENCE		ACTUAL	
	ACTUAL	ORIGINAL ESTIMATE	AMOUNT	%	AMOUNT	%	AMOUNT	%
12 BEGINNING TRUE UP AND INTEREST PROVISION (8)	1774,894	1578,417	248,482	0.47203	1725,157	1749,976	0	0
13 INCREASE TRUE UP BEFORE INTEREST (line 7 + 5)	1832,070	1481,093	160,827	0.32789	1885,331	1483,454	181,878	0.228051
14 TOTAL (line 12 + 13)	11,428,914	11,017,509	409,409	0.40237	1725,157	1749,976	0	0
15 AVERAGE (50% OF 14)	1713,457	1508,763	204,705	0.40237	1725,157	1749,976	0	0
16 INTEREST RATE FIRST DAY OF MONTH	0.05580	0.05580	0	0	0	0	0	0
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05580	0.05580	0	0	0	0	0	0
18 TOTAL (line 15 + 17)	0.11140	0.11140	0	0	0	0	0	0
19 AVERAGE (50% OF 18)	0.05570	0.05570	0	0	0	0	0	0
20 MONTHLY AVERAGE (line 15 / 12 Months)	0.00464	0.00464	0	0	0	0	0	0
21 INTEREST PROVISION (line 19 x 20)	3312	2381	950,1704	0.40237	1885,331	1483,454	181,878	0.228051

If line 6 is a refund add below 4
If line 6 is a collection | | subtract from line 4

COMPA NY WEST FLORIDA NATURAL GAS CO. CALCULATION OF TRUE-UP AND INTEREST PROVISION

	APRIL 87		THROUGH		MARCH 88		PERIOD TO DATE	
	CURRENT MONTH		SEPTEMBER 1987		DIFFERENCE		ORIGINAL ESTIMATE	
	ACTUAL	ORIGINAL ESTIMATE	AMOUNT	%	ACTUAL	ORIGINAL ESTIMATE	AMOUNT	%
TRUE-UP CALCULATION								
1 PURCHASED GAS COST (Line 4 and 5)	221,815	475,883	252,038	0.528887	1,884,804	2,851,157	866,748	0.3013051
2 TRANSPORTATION COST (AS Line 1, 2, 5 & 6)	202,887	285,794	83,107	0.290793	1,732,187	1,748,883	16,456	0.0094334
3 TOTAL	428,312	761,677	335,145	0.440136	2,717,081	4,389,935	682,744	0.1551749
4 FUEL REVENUE	580,323	758,793	210,460	0.264134	3,987,882	4,704,748	727,054	0.1888818
5 NET OF REVENUE TAX	151,800	61,800	0	0	1310,800	1310,800	0	0
6 TRUE-UP COLLECTED ON REFUND	634,533	744,893	210,460	0.282489	3,656,882	4,383,848	727,054	0.1877431
7 FUEL REVENUE APPLICABLE TO FUELS (Line 4 + 5 + Line 6)	108,221	116,484	1124,685	7.573181	180,189	15,889	54,310	8.222275
8 TRUE-UP PROVISION THIS PERIOD (Line 6 - Line 7)	12,658	17,199	480	0.2082	123,414	115,252	0	0
9 INTEREST PROVISION THIS PERIOD (Line 7 - Line 8)	1055,333	1482,454	181,878	0.32806	1736,157	1749,878	13,721	0
10 BEGINNING OF PERIOD TRUE-UP AMT	0	0	0	0	0	0	0	0
11 TOTAL ESTIMATED ACTUAL TRUE-UP	1055,333	1482,454	181,878	0.32806	1736,157	1749,878	13,721	0
12 REVERSE OF LINE 6	0	0	0	0	0	0	0	0
13 FUEL RATE REFUND (if applicable)	0	0	0	0	0	0	0	0
14 TOTAL ESTIMATED ACTUAL TRUE-UP	1055,333	1482,454	181,878	0.32806	1736,157	1749,878	13,721	0
15 INTEREST PROVISION	1855,333	1482,454	181,878	0.32806	181,878	0.32806	181,878	0.32806
16 BEGINNING TRUE-UP AMT	1482,454	1482,454	0	0	1482,454	1482,454	0	0
17 INTEREST PROVISION (16)	1482,454	1482,454	0	0	1482,454	1482,454	0	0
18 FINISHING TRUE-UP BEFORE INTEREST (12 + 13)	11,150,845	1851,872	188,073	-0.2082	9,628	-0.2082	9,628	-0.2082
19 AVERAGE (50% OF 14)	1575,322	1475,788	89,638	0	0	0	0	0
20 INTEREST RATE FIRST DAY OF MONTH	0.05580	0.05580	0	0	0	0	0	0
21 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05520	0.05520	0	0	0	0	0	0
22 TOTAL (18 + 17)	0.11090	0.11090	0	0	0	0	0	0
23 AVERAGE (50% OF 20)	0.05545	0.05545	0	0	0	0	0	0
24 MONTHLY AVERAGE (18/12 Months)	0.00482	0.00482	0	0	0	0	0	0
25 INTEREST PROVISION (18 + 20)	2838	-2188	459,8415	-0.2082	459,8415	-0.2082	459,8415	-0.2082

If line 6 is a refund add column 4
If line 6 is a collection (-) subtract from line 4

STATE OF FLORIDA

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



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYO
DIRECTOR
(850) 413-6770

Public Service Commission

December 15, 1997

Mr. J. E. McIntyre
West Florida Natural Gas Company
Post Office Box 1460
Panama City, Florida 32402-1460

Re: Docket No. 970003 - GU - West Florida Natural Gas Company
PGA Audit Report - Period Ended September 30, 1997
Audit Control # 97-160-1-2

Dear Mr. McIntyre:

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 "Kay Flynn".

Kay Flynn, Chief
Bureau of Records

KF/cl
Enclosure
cc: Public Counsel
Messer Law Firm