

M E M O R A N D U M

December 22, 1997

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *QV*

RE: DOCKET NO. 970002-EG -- CITY GAS COMPANY OF FLORIDA  
CONSERVATION AUDIT REPORT - PERIOD ENDED SEPTEMBER 30, 1997  
AUDIT CONTROL NO. 97-161-4-1

-----

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on three diskettes. The diskettes may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

City Gas Company of Florida  
Richard F. Wall  
955 East 25th Street  
Hialeah, FL 33013-3498

DNV/sp

Attachment

cc: Chairman Johnson  
Commissioner Clark  
Commissioner Deason  
Commissioner Garcia  
Commissioner Kiesling  
Mary Andrews Bane, Deputy Executive Director/Technical  
Legal Services  
Division of Auditing and Financial Analysis (Devlin/Causseaux/  
File Folder)

Research and Regulatory Review (Harvey)  
Office of Public Counsel

DOCUMENT NUMBER-DATE

13120 DEC 22 5

FPSC RECORDS/REPORTING

**FLORIDA PUBLIC SERVICE COMMISSION**


**AUDIT REPORT**

**12 MONTHS ENDING SEPTEMBER 30, 1997  
FIELD WORK COMPLETED  
NOVEMBER 17, 1997**

**CITY GAS COMPANY  
MIAMI, FL  
DADE COUNTY**

**CONSERVATION AUDIT  
DOCKET NUMBER 970002-EG  
AUDIT CONTROL NUMBER 97-161-4-1**

  
\_\_\_\_\_  
**YEN NGO  
PROFESSIONAL ACCOUNTANT**

  
\_\_\_\_\_  
**KATHY L. WELCH  
REGULATORY ANALYST SUPERVISOR  
MIAMI DISTRICT OFFICE**

DOCUMENT NUMBER - DATE

13120 DEC 22 5

FPSC-RECORDS/REPORTING

## INDEX

	PAGE
I. EXECUTIVE SUMMARY	
Audit Purpose .....	1
Disclaim Public Use .....	1
Opinion .....	1
II. AUDIT SCOPE	
Scope of Work Performed .....	2
II. AUDIT EXCEPTION	
1. Sample Testing .....	3
2. Incentives .....	4
3. Adjusting Entries .....	5
IV. AUDIT DISCLOSURE	
1. Service Charge .....	8
2. Promotional Merchandise .....	10
V. EXHIBITS	
CT-3 Schedules 10/96 - 9/97 .....	12

## I. EXECUTIVE SUMMARY

**Audit Purpose:** We have applied the procedures described in Section II of this report to audit the appended Conservation True-Up schedules filed by City Gas Company in support of Docket 970002-EG for the twelve month period ended September 30, 1997 to determine that exhibits represent utility books and that those records are maintained in compliance with Commission directives; that adjustments are based on supportable facts and assumptions; and that facts which may influence the Commission decision process are disclosed. The audit exit conference was held December 3, 1997. This report is based on confidential information which is separately filed with the Division of Records and Reporting.

**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 audit exceptions 1-3 and disclosures 1 & 2, the True-Up schedules of the Conservation filing for the twelve month period ending September 30, 1997 represent City Gas Company books and records maintained in substantial compliance with Commission directives. The expressed opinion 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, the following definitions 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.

**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.

**REVENUES:** Compiled revenues from the general ledger and reconciled to Company schedules CT-3. Compiled terms sold from the Company's revenue worksheets and applied the applicable rate factors approved in Commission orders. Reconciled revenue calculation to Company's CT-3 schedules. Recomputed bills for various rate classes to determine that the applicable factor is actually charged.

**EXPENSES:** Examined expense amounts per the general ledger and reconciled to Company's CT-3 schedules. Staff tested 100% of all advertising expenses by tracing to the invoices and advertisements. From the Company's prepaid printout of incentives staff pulled a judgmental sample. The incentive expenses were traced to vouchers, invoices, and sales contracts. Payroll allocations for the month of December, 1996 were recalculated. Recalculated the year end allocation of transportation expenses and agreed them to the general ledger.

**TRUE-UP:** Recalculated the true-up and verified the beginning true-up to the ECCR orders and the interest rates to the Wall Street Journal.

### III. AUDIT EXCEPTIONS

#### AUDIT EXCEPTION NO. 1

#### SUBJECT: SAMPLE TESTING

**STATEMENT OF FACT:** Staff judgmentally selected a sample of incentive expenses from the General Ledger using the information from the analytical review and requested the company provide the vouchers for testing. The following vouchers could not be located by the company:

No.	Date	Vendor	Program	Amount
1	3/31/97	B & R Plumber	1	\$675.00
2	3/31/97	Jack Wingo	1	\$575.00
3	11/30/96	Micah Nix	3	\$396.16
4	11/30/96	Dial Plumber	3	\$380.14
5	1/31/97	Dial Plumber	3	\$186.34
6	7/31/97	Floral Lane	3	\$326.58
		Total		<u>\$2,539.22</u>

**OPINION:** Since staff could not determine that these vouchers were related to conservation, they should be disallowed.

**AUDIT EXCEPTION NO. 2**

**SUBJECT: SAMPLE TESTING**

**STATEMENT OF FACT:** Using the costs recorded in Schedule CT-2 Conservation Program Costs, staff performed sample testing and discovered that some of the incentive expenses were recorded in the incorrect programs. The following adjusting entries were made to record them in appropriate ECP programs.

Incentive Expense Program 4 - Dealer Program	\$255 00
Incentive Expense Program 3 - Electric Replacement	\$255 00

Incentive Exp. Program 1 - Single Family Home Builder	\$475.00
Incentive Expense Program 3 - Electric Replacement	\$475 00

**OPINION:** The recording of the above entries overstated Program 3 only, not the overall conservation expenses.

**AUDIT EXCEPTION NO. 3**

**SUBJECT: ADJUSTING ENTRIES**

**STATEMENT OF FACT:** Per Schedule CT-2 Company's Conservation Filing costs, staff performed sample testing and discovered the following

**Advertising Expenses**

1. The company recorded the printing of the letterhead (\$392.20) as ECCR advertising expense when this was an office supply expense. The payment was made to Marketing Talent Network on January 17, 1997 and recorded in the General Ledger on January 31, 1997.
2. The company incorrectly included \$881.98 of sales tax paid to Marketing Talent Network for the radio and newspaper advertisement for the month of May, 1997. According to Florida Department of Revenue, only the production costs of the advertisement are taxable. The cost of placing the ad on the newspaper or on the radio is not taxable.

**Incentives**

1. Two payments of Cut & Cap Rebate, \$1,578.80 and \$287.68, were made by the company to Dial Plumbing of Brevard Inc. on December 5, 1996 and January 27, 1997 respectively. These amounts were incorrectly recorded as ECCR incentives for the months of December, 1996 and February, 1997.
2. The company made a rebate for a water heater in the amount of \$599.75 when the maximum rebate was \$400.00 to a customer on October 23, 1996. This amount was part of the \$8,699.75 adjusting entry recorded in December, 1996. The difference of \$199.75 (\$599.75 - \$400.00) should be removed from the incentive expenses.

**OPINION:** The above costs are not conservation related; thus, the booking of these entries overstated the filing expenses. With interest (see calculation that follows) this results in an increase of the total net true-up of \$3,466.00.



Company:  
 Title:  
 Period:  
 Date:  
 Auditor:  
 Workpaper #40-1

City Gas Company  
 True-up & Interest Calculations - Including Adjusting Entries  
 SIX MONTHS ENDED MARCH 1997  
 October 2, 1997  
 YN

Interest Rates per Wall Street Journal Commercial Paper Interest- first day reporting 30 day commercial paper rate per Tallahassee memo

October 1996	Month 1	5.440%
November 1996	Month 2	5.380%
December 1996	Month 3	5.450%
January 1997	Month 4	5.950%
February 1997	Month 5	5.450%
March 1997	Month 6	5.430%

Interest- first day reporting of subsequent month April 1997 5.740%

INTEREST RATES

	1996 OCTOBER	1996 NOVEMBER	1996 DECEMBER	1997 JANUARY	1997 FEBRUARY	1997 MARCH
Beginning	5.440%	5.380%	5.450%	5.950%	5.450%	5.430%
Ending	5.380%	5.450%	5.950%	5.450%	5.430%	5.740%
Total	10.820%	10.830%	11.400%	11.400%	10.880%	11.170%
Average	5.410%	5.415%	5.700%	5.700%	5.440%	5.585%
Monthly Average	0.451%	0.451%	0.475%	0.475%	0.453%	0.465%

CALCULATION OF TRUE-UP

Total Revenues-net of tax, (Line 4)	(75,318)	(83,712)	(95,402)	(116,465)	(110,514)	(87,624)
Prior True-up (Line 5)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)
Total revenue to current period	(112,998)	(121,394)	(133,084)	(154,147)	(148,196)	(125,306)
Conservation Expenses (Line 7)	97,374	121,597	166,801	161,807	103,377	160,691
Adjusting Entries (13-1/2)			(1,579)	(392)	(268)	
			(200)			
Total Conservation Expenses	97,374	121,597	164,822	161,415	103,089	160,691
True-up this period (Line 8)	(15,824)	203	21,738	7,268	(45,107)	35,385
Interest provision (Line 9)	(1,989)	(1,894)	(1,740)	(1,501)	(1,354)	(1,244)
True-up & Interest beginning (Line 10)	(452,184)	(432,115)	(398,094)	(338,414)	(294,965)	(303,744)
Prior true-up coll. refunded	37,682	37,682	37,682	37,682	37,682	37,682
FGT PGA TRUE UP ADJ						
Rate Case Refund Balance						
Total net true-up	(432,115)	(398,094)	(338,414)	(294,965)	(303,744)	(231,920)
True-up for the month CO. FILING	(432,115)	(398,094)	(336,631)	(292,781)	(301,261)	(225,426)
Difference	0	(0)	(1,783)	(2,184)	(2,483)	(2,494)

CALCULATION OF INTEREST

Beginning true up and int.	(452,184)	(432,115)	(398,094)	(338,414)	(294,965)	(303,744)
Ending true-up before int	(430,126)	(394,230)	(336,674)	(293,484)	(302,390)	(230,877)
Total	(882,310)	(826,345)	(732,768)	(631,898)	(597,355)	(534,621)
Average true up	(441,155)	(413,172)	(366,384)	(315,939)	(298,677)	(267,210)
Interest rate per above	0.45%	0.45%	0.48%	0.48%	0.45%	0.47%
Interest per staff	(1,989)	(1,894)	(1,740)	(1,501)	(1,354)	(1,244)
True-up for the month per (WP 2) Company's Fi	(1,989)	(1,894)	(1,738)	(1,491)	(1,343)	(1,232)
Difference	0	(0)	(4)	(10)	(11)	(12)

Source: Company prepared schedule A-2

THE PRIOR TRUE UP AMOUNT SHOWN ABOVE WAS TRACED TO ORDER 97-0291-FOF-EG ISSUED 3/14/97. THE TRUE-UP AMOUNT FOR THE PERIOD OCTOBER 1, 1995 THROUGH SEPTEMBER 30, 1996 WAS (452,184) OVERRECOVERY.

Company:  
Title:  
Period:  
Date:  
Auditor:  
Workpaper #40-1

City Gas Company  
True-up & Interest Calculations - Including Adjusting Entries  
SIX MONTHS ENDED MARCH 1997  
October 2, 1997  
YN

Interest Rates per Wall Street Journal Commercial Paper Interest- first day reporting 30 day commercial paper rate per Tallahassee memo

April 1997	Month 1	5.740%
May 1997	Month 2	5.620%
June 1997	Month 3	5.600%
July 1997	Month 4	5.620%
August 1997	Month 5	5.580%
September 199	Month 6	5.530%

Interest- first day reporting of subsequent month	October 1997	5.530%
---	--------------	--------

INTEREST RATES

	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER
Beginning	5.740%	5.620%	5.600%	5.620%	5.580%	5.560%
Ending	5.620%	5.600%	5.620%	5.580%	5.580%	5.530%
Total	11.360%	11.220%	11.220%	11.200%	11.140%	11.090%
Average	5.680%	5.610%	5.610%	5.600%	5.570%	5.545%
Monthly Average	0.473%	0.468%	0.468%	0.467%	0.464%	0.462%

CALCULATION OF TRUE-UP

Conservation revenues-net of tax, (Line 4)	(88,481)	(97,195)	(88,790)	(83,735)	(82,593)	(81,628)
Prior True-up (Line 5)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)
Total gas revenue to current period	(126,163)	(134,877)	(126,472)	(121,417)	(120,275)	(119,310)
Conservation expenses (Line 7)	118,722	87,436	99,404	180,647	90,594	90,484
Adjusting Entry (13-1/2)		(882)				
Total Conservation Expenses	118,722	86,554	99,404	180,647	90,594	90,484
True-up this period (Line 6)	(7,441)	(48,323)	(27,068)	59,230	(29,681)	(28,826)
Interest provision this period (Line 9)	(1,026)	(973)	(977)	(729)	(485)	(446)
True-up & interest beginning (Line 10)	(231,920)	(202,706)	(214,319)	(204,682)	(108,499)	(100,983)
Prior true-up coll. refunded	37,682	37,682	37,682	37,682	37,682	37,682
Total net true-up	(202,706)	(214,319)	(204,682)	(108,499)	(100,983)	(92,574)
True-up for the month CO. FILING	(200,200)	(210,917)	(201,265)	(105,068)	(97,534)	(89,108)
Difference	(2,506)	(3,402)	(3,417)	(3,433)	(3,449)	(3,468)

CALCULATION OF INTEREST

Beginning true up and int.	(231,920)	(202,706)	(214,319)	(204,682)	(108,499)	(100,983)
Ending true-up before int.	(201,679)	(213,347)	(203,708)	(107,770)	(100,498)	(92,127)
Total	(433,600)	(416,052)	(418,024)	(312,452)	(208,998)	(193,111)
Average true up	(216,800)	(208,026)	(209,012)	(156,226)	(104,499)	(96,555)
Interest rate per above	0.47%	0.47%	0.47%	0.47%	0.46%	0.46%
Interest per staff	(1,026)	(973)	(977)	(729)	(485)	(446)
True-up for the month per Company's Filing	(1,014)	(959)	(981)	(713)	(469)	(430)
Difference	(12)	(14)	(16)	(16)	(16)	(16)

Source: Company prepared schedule A-2

#### IV. AUDIT DISCLOSURES

##### AUDIT DISCLOSURE NO. 1

**SUBJECT:** SERVICE CHARGE

**STATEMENT OF FACT:** In verifying the revenues in Schedule CT-3 Conservation Revenue filed by the company, staff recalculated some of the customers' bills and discovered that the monthly service charges (\$7.00 for residential service, \$17.00 for commercial service, and \$35.00 for large commercial service) were sometimes prorated if the billing cycle was greater than or less than the 30 days.

For example, if the billing cycle of a residential customer had 35 days, the monthly service charge was \$8.17 ( $\$7.00 \times 35/30$ ). In another instance, when the billing cycle of a residential customer had 23 days, the service charge was not prorated (see Schedule of Service Charge on page 9). According to the company, the proration of the service charge started as of January 1997.

**OPINION:** The monthly service charge does not affect conservation. However, if the rate the company is using is incorrect, then the customers are being overcharged for normal rates. According to the tariff, the customer charge is a monthly rate. If the company is billing 12 cycles, staff does not see any reason to prorate. If proration were appropriate it should be applied consistently.

**SCHEDULE OF SERVICE CHARGES**

(1) ACCOUNT NO	(2) Billing Cycle	(3) Days	(4) Rate Per Rate Sch	(5)  (3) * (4)	(6) % of Total	(7) Therms	(8) Net Amoun. Billed (6) * (7)	(9) Per Customer's Bill	(10) Less Service Charged	(11) Total  (9) - (10)	(12) DIFF  (8) - (11)
<b>RESIDENTIAL 801-801</b>											
50-231-0000609-011	12-28-96 to 1-31-97	35	0.91765	\$32.12	100.00%	75.7	\$69.47	\$77.63	\$8.17	\$69.46	\$0.01
46-211-0617443-012	1-1-97 to 1-23-97	23	0.91765	\$21.11	100.00%	54	\$49.55	\$56.55	\$7.00	\$49.55	\$0.00
<b>RESIDENTIAL CONSOLIDATED 806-801</b>											
32-211-0072404-013	12-2-96 to 1-3-97	32	0.91765	\$29.36	100.00%	30.1	\$27.62	\$34.62	\$7.00	\$27.62	\$0.00
32-211-0072419-011	12-2-96 to 1-3-97	32	0.91765	\$29.36	100.00%	22.6	\$20.74	\$27.74	\$7.00	\$20.74	(\$0.00)
<b>COMMERCIAL 830-814</b>											
50-231-0002464-012	12-27-96 to 1-31-97	35	0.63326	\$22.16	100.00%	244.6	\$154.90	\$174.72	\$19.83	\$154.89	(\$0.01)
47-221-0322558-011	12-26-96 to 1-23-97	28	0.63326	\$17.73	100.00%	7,194.0	\$4,555.67	\$4,572.68	\$17.00	\$4,555.68	(\$0.01)
46-211-0589528-011	12-20-96 to 1-24-97	66	0.63326	\$41.80	100.00%	7,922.4	\$5,016.94	\$5,054.34	\$37.40	\$5,016.94	(\$0.00)
<b>LARGE COMMERCIAL 832-814</b>											
43-211-0754573-011	12-23-97 to 1-1-97	9	0.59403	\$5.35	100.00%	5,694.4	\$3,382.64	\$3,393.15	\$10.50	\$3,382.65	(\$0.01)
38-211-0755260-011	12-13-96 to 1-13-97	34	0.59403	\$20.20	100.00%	21,473.0	\$12,755.61	\$12,790.61	\$35.00	\$12,755.61	(\$0.00)
39-211-0755190-011	1-12-96 to 1-24-97	13	0.59403	\$7.72	100.00%	4,467.2	\$2,653.65	\$2,668.82	\$15.17	\$2,653.65	(\$0.00)

**AUDIT DISCLOSURE NO. 2**

**SUBJECT:** PROMOTIONAL MERCHANDISE

**STATEMENT OF FACT:** The company included promotional merchandise of \$2,410.12 in Schedule CT-2 Company Conservation Program Costs. This promotion was a copy of the company ad printed on a piece of magnet, which was distributed to company employees and customers. Rule 25-17.016 states that in determining whether an advertisement is "directly related to an approved conservation program", the Commission shall consider, but is not limited to, whether the advertisement or advertising campaign:

1. Identifying a specific problem.
2. Stating how to correct the problem.
3. Providing direction concerning how to obtain help to alleviate the problem.

**OPINION:** This promotion does not meet the above criteria.

# Natural Gas Is Available

You'll Save Money In The  
**Natural Gas**  
*Comfort Zone*

- *It's clean.*
- *It's safe.*
- *It's easy to use.*
- *It's the most economical.*



CITY GAS COMPANY  
OF FLORIDA

An N.T. Company

(904) 636-4257

*We're Building Your Natural Gas*

Exhibit No. \_\_\_\_\_  
 DOCKET NO. 970002-EG  
 City Gas Company of Florida  
 (RWS-1)  
 Page 7 of 17

SCHEDULE CT-3  
 PAGE 1 OF 3

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 SUMMARY OF EXPENSES BY PROGRAM  
 FOR MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997

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:	54,757	59,963	98,065	94,902	52,925	102,925	74,745	23,072	45,454	87,193	33,719	49,590	767,300
PROGRAM 2:								16,800					16,800
PROGRAM 3:	37,310	56,567	62,939	61,117	45,472	52,267	40,616	43,960	51,158	87,158	55,366	37,152	631,122
PROGRAM 4:	5,105	4,670	8,034	5,474	4,277	5,020	3,103	3,208	2,404	6,272	1,304	3,346	49,215
PROGRAM 5:	202	377	543	314	703	479	258	398	388	24	185	398	4,267
TOTAL	97,374	121,597	156,601	161,607	103,377	160,691	118,722	87,436	99,404	180,647	90,594	90,484	1,468,734
LESS AMOUNT INCLUDED IN RATE BASE													
RECOVERABLE CONSERVATION EXPENSES	97,374	121,597	156,601	161,607	103,377	160,691	118,722	87,436	99,404	180,647	90,594	90,484	1,468,734

SCHEDULE CT-3  
 PAGE 2 OF 3

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 FOR MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997

	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 ALL IT FEES													
2 OTHER PROGRAM REVS													
3 CONSERV. ADJ REVS	(75,316)	(83,712)	(95,407)	(118,485)	(110,514)	(87,824)	(88,481)	(97,195)	(86,790)	(83,725)	(82,593)	(81,828)	(1,091,455)
4 TOTAL REVENUES	(75,316)	(83,712)	(95,407)	(118,485)	(110,514)	(87,824)	(88,481)	(97,195)	(86,790)	(83,725)	(82,593)	(81,828)	(1,091,455)
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(37,682)	(452,184)
6 CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(112,998)	(121,394)	(133,089)	(154,167)	(148,196)	(125,506)	(128,163)	(134,877)	(128,472)	(121,617)	(120,275)	(119,310)	(1,543,839)
7 CONSERVATION EXPENSES (FROM CT-3, PAGE 1)	97,274	121,597	156,601	161,807	103,377	160,691	116,722	87,438	59,404	180,647	90,594	90,684	1,488,734
8 TRUE-UP THIS PERIOD	(18,824)	203	23,517	7,660	(44,819)	35,385	(7,441)	(47,441)	(27,068)	59,230	(29,681)	(28,828)	(74,305)
9 INTEREST PROVISION THIS PERIOD (FROM CT-3 PAGE 3)	(1,389)	(1,864)	(1,738)	(1,491)	(1,343)	(1,232)	(1,014)	(959)	(961)	(713)	(469)	(430)	(14,203)
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(452,184)	(432,115)	(396,094)	(338,831)	(292,781)	(201,261)	(229,126)	(200,200)	(210,917)	(201,265)	(105,066)	(97,531)	
11 PRIOR PERIOD TRUE UP COLLECTED/(REFUNDED)	37,682	37,682	37,682	37,682	37,682	37,682	37,682	37,682	37,682	37,682	37,682	37,682	
12 TOTAL NET TRUE UP (SUM LINES 8 + 9 + 10 + 11)	(432,115)	(396,094)	(338,831)	(292,781)	(201,261)	(229,426)	(200,200)	(210,917)	(201,265)	(105,066)	(97,534)	(89,108)	(89,108)



**CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 FOR MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997**

	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
<b>INTEREST PROVISION</b>													
1. BEGINNING TRUE-UP	(452,184)	(432,115)	(396,094)	(338,631)	(282,781)	(201,261)	(229,426)	(200,200)	(210,917)	(201,285)	(105,060)	(197,534)	
2. ENDING TRUE-UP BEFORE INTEREST	(430,126)	(394,230)	(334,895)	(291,288)	(299,918)	(228,194)	(199,185)	(209,959)	(200,303)	(104,353)	(97,065)	(88,678)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(882,310)	(826,345)	(730,990)	(627,921)	(582,890)	(532,455)	(428,612)	(410,158)	(411,221)	(305,617)	(202,125)	(186,211)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(441,155)	(413,172)	(365,495)	(313,960)	(291,245)	(266,227)	(214,306)	(205,079)	(205,610)	(152,809)	(101,062)	(93,106)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.440%	5.380%	5.450%	5.590%	5.480%	5.430%	5.740%	5.620%	5.600%	5.620%	5.580%	5.556%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.380%	5.450%	5.950%	5.450%	5.430%	5.740%	5.620%	5.600%	5.620%	5.580%	5.556%	5.520%	
7. TOTAL (SUM LINES 5 & 6)	10.820%	10.830%	11.400%	11.400%	10.890%	11.170%	11.360%	11.220%	11.220%	11.200%	11.136%	11.086%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.410%	5.415%	5.700%	5.700%	5.440%	5.585%	5.680%	5.610%	5.610%	5.600%	5.568%	5.543%	
9. MONTHLY AVG INTEREST RATE	0.451%	0.451%	0.475%	0.475%	0.453%	0.465%	0.473%	0.468%	0.468%	0.467%	0.464%	0.462%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(1,909)	(1,864)	(1,730)	(1,491)	(1,343)	(1,222)	(1,014)	(959)	(961)	(713)	(469)	(420)	(14,203)
10. a. INT. ADJ													

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 23, 1997

Mr. Michael Palecki  
City Gas Company of Florida  
955 East 25th Street  
Hialeah, Florida 33013-3498

Re: Docket No. 970002 - EG - City Gas Company of Florida  
Conservation Audit Report - Period Ended September 30, 1997  
Audit Control # 97-161-4-2-1

Dear Mr. Palecki:

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.

The Division of Records and Reporting is holding the workpapers for which you requested confidential treatment. You have 21 days from the audit exit conference, or December 24, 1997 to file a formal request for Confidential Classification with the Division of Records and Reporting.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn, Chief  
Bureau of Records

KF/clc  
Enclosure  
cc: Public Counsel