

ORIGINAL

MEMORANDUM

August 18, 1998

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 980003-GU -- FLORIDA DIV. OF CHESAPEAKE UTILITIES CORP.  
PGA AUDIT REPORT - CHESAPEAKE UTILITIES CORPORATION  
AUDIT CONTROL NO. SIX MONTHS ENDED 03/31/98

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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 one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

Florida Div. of Chesapeake Utilities Corp.  
Thomas A. Geoffroy  
Post Office Box 960  
Winter Haven, FL 33882-0960

DNV/sp

Attachment

cc: Chairman Johnson  
Commissioner Clark  
Commissioner Deason  
Commissioner Garcia  
Commissioner Jacobs  
Mary Andrews Bane, Deputy Executive Director/Technical  
Legal Services  
Division of Auditing and Financial Analysis (Devlin/Causseaux/  
File Folder)  
Division of Electric and Gas (Makin)  
Orlando District Office (Forbes)

Research and Regulatory Review (Harvey)  
Office of Public Counsel

DOCUMENT NUMBER-DATE

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FRSO-RECORDS, REPORTING



**FLORIDA PUBLIC SERVICE COMMISSION**  
*DIVISION OF AUDITING AND FINANCIAL ANALYSIS*  
*BUREAU OF AUDITING*

*Orlando District Office*

**CHESAPEAKE UTILITIES CORPORATION**  
**PURCHASED GAS ADJUSTMENT AUDIT**  
**SIX-MONTH PERIOD ENDED MARCH 31, 1998**

**DOCKET NO. 980003-GU**  
**AUDIT CONTROL NO. 98-160-3-3**

  
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*Charleston J. Winston, Audit Manager*

  
\_\_\_\_\_  
*Ian J. Forbes, Audit Supervisor*

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**DIVISION OF AUDITING AND FINANCIAL ANALYSIS  
AUDITOR'S REPORT**

**AUGUST 12, 1998**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to audit the accompanying Purchased Gas Adjustment schedules for the six-month period ended March 31, 1998, for Chesapeake Utilities Corporation. These schedules were prepared by the company as part of its petition for purchased gas adjustment true-up in Docket No. 980003-GU. There is no confidential information associated with this audit, and there are no audit staff minority opinions.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should 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.

In our opinion, the schedules referred to above present fairly, in all material respects, the company's books and records, maintained in conformity with the accounting practice prescribed by the Florida Public Service Commission. The attached findings discuss all differences and any other matters which were noted in our examination.

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all the financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Verify** - The item was tested for accuracy, and substantiating documentation was examined.

**Schedules A-1 through A-6** - Recomputed the company's Schedules A-1 through A-6 for the period October 1997 through March 1998.

**PGA Revenues** - Traced and recomputed term sales for the above-mentioned period to the company's monthly billing registers and recomputed.

**Cost of Gas** - Verified terms and cost of gas purchased to the company-provided invoices.

**TRUE-UP** - Verified true-ups to Commission Order Numbers PSC-96-0323-FOF-GU and PSC-97-0182-PHO-GU. Verified that the correct interest rates were applied to under or overrecovered amounts for the six months ended March 31, 1998.

STATE OF FLORIDA

Commissioners:  
JULIA L. JOHNSON, CHAIRMAN  
J. TERRY DEASON  
SUSAN F. CLARK  
JOE GARCIA  
E. LEON JACOBS, JR.



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

**Public Service Commission**

August 20, 1998

Thomas A. Geoffroy  
Florida Division of Chesapeake Utilities Corporation  
Post Office Box 960  
Winter Haven, Florida 33882-0960

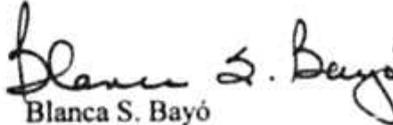
Re: Docket No. 980003 - GU - Florida Division of Chesapeake Utilities Corporation  
Audit Report - PGA - Six Months Ended March 31, 1998  
Audit Control # 98-160-3-3

Dear Mr. Geoffroy:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above case 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/abf  
Enclosure

cc: Public Counsel  
Division of Audit and Financial Analysis  
Wayne Schiefelbein