

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



TIMOTHY DEVLIN, DIRECTOR
AUDITING & FINANCIAL ANALYSIS
(850) 413-6480

Public Service Commission

June 24, 1999

Mr. Stuart L. Shoaf
St. Joe Natural Gas Company, Inc.
P. O. Box 549
Port St. Joe, FL 32457-0549

**Re: Docket No. 990003-GU; St. Joe Natural Gas Company, Inc.
PGA Audit Report; Nine-Month Period Ended 12/31/98**

Mr. Shoaf:

The enclosed audit report is forwarded for your review. If you desire to file a response to the audit, please file one with the Division of Records and Reporting so it may be forwarded for consideration by the staff analysts in their review of the audit.

Sincerely,

Denise N. Vandiver
Bureau Chief - Auditing Services

DNV/

- AFA _____
 - APP _____
 - CAF _____
 - CMU _____
 - CTR _____
 - EAG _____
 - LEG _____
 - MAS _____
 - OPC _____
 - RRR _____
 - SEC _____
 - WAW _____
 - OTH _____
- cc: ✓ Division of Records and Reporting
 Division of Auditing and Financial Analysis (Devlin/Causseaux/File Folder)
 Division of Electric and Gas (Makin)
 Tallahassee District Office (Hicks)
 Division of Legal Services
 Office of Public Counsel
 Research ad Regulatory Review (Harvey)

DOCUMENT NUMBER - DATE

1780 JUN 25 99

FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING SERVICES

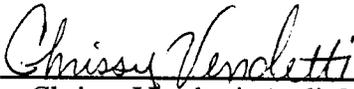
Tallahassee District Office

ST. JOE NATURAL GAS COMPANY, INC.

PURCHASED GAS ADJUSTMENT AUDIT

NINE MONTH PERIOD ENDED DECEMBER 31, 1998

DOCKET NO. 990003-GU
AUDIT CONTROL NO. 99-079-1-1



Chrissy Vendetti, Audit Manager



Rhonda Hicks, Audit Supervisor

TABLE OF CONTENTS

I.	AUDITOR'S REPORT	PAGE
	PURPOSE	1
	DISCLAIM PUBLIC USE	1
	OPINION	1
	SUMMARY OF SIGNIFICANT PROCEDURES	2
II.	DISCLOSURES	
1.	PGA Expenses	3
III.	EXHIBIT	
	CALCULATION OF TRUE-UP AND INTEREST PROVISION	4

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

June 30, 1999

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 nine month period ended December 31, 1998, for St. Joe Natural Gas Company, Inc. These schedules were prepared by the utility as part of its petition for purchased gas adjustment true-up in Docket No. 990003-GU. There is no confidential information associated with this audit.

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 utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission.

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 financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

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

REVENUES: Compiled Purchased Gas Adjustment (PGA) revenues and PGA therms from billing documents, and traced revenues to the utility's PGA filing. Researched the utility's rates and compared them to FPSC's approved PGA factors including taxes as set forth in Commission Order No. PSC-98-0401-FOF-GU. Recalculated PGA revenues.

EXPENSES: Compiled PGA costs from each invoice to the utility's books and records. Traced costs to the utility's PGA filing. Verified Florida Gas Transmission refunds for the nine month period ended December 31, 1998. Recalculated PGA expenses.

OTHER: Traced true-up and interest amounts to the general ledger. Verified the correct beginning balance of true-up. Verified that the correct interest rates were applied to under/over recovered amounts for the nine month period ended December 31, 1998. Recalculated true-up and interest amounts.

Disclosure No. 1

Subject: **PGA Expenses**

Statement of Facts: St. Joe Natural Gas received a refund of \$2,537.80 from Florida Gas Transmission in June 1998. The utility refunded \$1,874.94 to its customers in June 1998. The net adjustment of \$662.86 (credit) is reflected in the general ledger, account 804.3 (Over Run Charge-FGT Refund). This adjustment to PGA expenses was not reported in the filing for the nine month period ended December 31, 1998.

Recommendation: The utility should include an adjustment in the 1999 filing with a credit to PGA expense of \$662.86.

St. Joe Natural Gas Company, Inc.

PGA Audit

For the period April 98 - Dec. 98

Schedule of True-Up and Interest Provision

Prepared By: Chrissy Vendetti

EXHIBIT 1

TRUE-UP CALCULATION	April 1998	May 1998	June 1998	July 1998	August 1998	September 1998	October 1998	November 1998	December 1998	Total
1. Purchased Gas Cost	7,945	9,692	7,724	1,056	11,785	(1,091)	16,008	(7,114)	21,791	67,796
2. Transportation Cost	54,103	14,216	5,524	8,909	12,142	10,420	15,192	53,488	52,810	226,804
3. Total	62,048	23,908	13,248	9,965	23,927	9,329	31,200	46,374	74,601	294,600
4. Fuel revenues (Net of Revenue Tax)**	55,170	36,040	32,578	23,829	28,137	38,448	40,887	53,497	87,364	395,950
5. True-Up (Collected) or refunded	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123	10,107
6. Fuel Revenue Applicable To Period (L4 +/- L5)	56,293	37,163	33,701	24,952	29,260	39,571	42,010	54,620	88,487	406,057
7. True-Up Provision - This Period (L6 - L3)	(5,755)	13,255	20,453	14,987	5,333	30,242	10,810	8,246	13,886	111,457
8. Interest Provision - This Period (L21)	506	519	597	680	720	776	832	896	926	6,452
9. Beginning Of Period True-Up & Interest	113,145	106,773	119,424	139,351	153,895	158,825	188,720	199,240	207,258	1,386,632
10 True-up (Refunded) or Collected -(reverse of L5)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(10,107)
11 Total Est. /Actual True-Up (7+8+9+10)	106,773	119,424	139,351	153,895	158,825	188,720	199,240	207,258	220,947	1,494,434

INTEREST PROVISION									
12 Beginning True-Up & Interest Provision (L9)	113,145	106,773	119,424	139,351	153,895	158,825	188,720	199,240	207,258
13 Ending True-up Before Interest (L12 +L 7- L5)	106,267	118,905	138,754	153,215	158,105	187,944	198,407	206,363	220,021
14 Total (L12 + L13)	219,412	225,678	258,178	292,566	312,001	346,770	387,128	405,602	427,280
15 Average (50% of L14)	109,706	112,839	129,089	146,283	156,000	173,385	193,564	202,801	213,640
16 Interest Rate 1st. Day of Month	0.05550	0.05530	0.05500	0.05600	0.05560	0.05520	0.05220	0.05100	0.05500
17 Interest Rate 1st. Day of Subsequent Month	0.05530	0.05500	0.05600	0.05560	0.05520	0.05220	0.05100	0.05500	0.04900
18 Total (L16 + L17)	0.11080	0.11030	0.11100	0.11160	0.11080	0.10740	0.10320	0.10600	0.10400
19 Average (50% of L18)	0.05540	0.05515	0.05550	0.05580	0.05540	0.05370	0.05160	0.05300	0.05200
20 Monthly Average (L19/12)	0.00462	0.00460	0.00463	0.00465	0.00462	0.00448	0.00430	0.00442	0.00433
21 Interest Provision (L15 x L20)	506	519	597	680	720	776	832	896	926

** if L5 is a refund add to L4
if L5 is a Collection () Subtract from L4

Recalculated by Auditor

Source: Company's filing

MAILING AND LIAISON INFORMATION

AS OF 06/24/1999

St. Joe Natural Gas Company, Inc. (GU610)

Mailing name

St. Joe Natural Gas Company, Inc.

Company code

GU610

Mailing address

Mr. Stuart L. Shoaf
St. Joe Natural Gas Company, Inc.
P. O. Box 549
Port St. Joe, FL 32457-0549

INTERNET E-mail address

sjnn@yahoo.com

Company liaison(s)

Stuart Shoaf, REG and ADM Matters - President, (850) 229-8216