

STATE OF FLORIDA

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

**Public Service Commission**

July 19, 1999

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

**Re: Docket No. 990002-EG; St. Joe Natural Gas Company, Inc.  
Audit Report; Conservation - 12 Months Ended March 31, 1999  
Audit Control No. 99-079-1-2**

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,

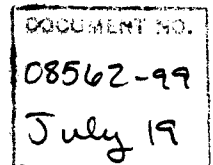
A handwritten signature in cursive script that reads "Denise N. Vandiver".

Denise N. Vandiver  
Bureau Chief - Auditing Services

DNV: sp

cc:  Division of Records and Reporting  
Division of Auditing and Financial Analysis (Devlin/Causseaux/Harvey/File Folder)  
Division of Electric and Gas (Lowery)  
Tallahassee District Office (Hicks)  
Division of Legal Services

Office of Public Counsel





FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF AUDITING AND FINANCIAL ANALYSIS  
BUREAU OF AUDITING SERVICES

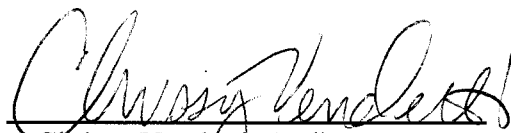
Tallahassee District Office

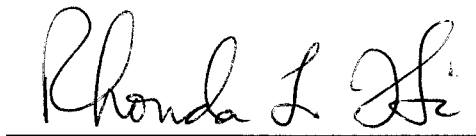
ST. JOE NATURAL GAS COMPANY, INC.

ENERGY CONSERVATION COST RECOVERY AUDIT

12 MONTHS ENDED MARCH 31, 1999

DOCKET NO. 990002-EG  
AUDIT CONTROL NO. 99-079-1-2

  
Chrissy Vendetti, Audit Manager

  
Rhonda Hicks, Audit Supervisor

DOCUMENT NO.  
08562-99  
July 19

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

**July 23, 1999**

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

We have applied the procedures described later in this report and have recalculated the true-up and interest exhibits filed by St. Joe Natural Gas Company in support of Docket No. 990002-EG for the twelve months ended March 31, 1999, to determine that the exhibits represent the utility's books and records and that those books and records are maintained in compliance with Commission directives and that facts which may influence the Commission's decision process are disclosed. 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. The attached findings discuss all differences and other matters which were noted during 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 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.

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Series

**Conservation Revenues:** Compiled the conservation revenues and determined that the company has used the approved ECCR factors as set forth in Commission Order No. PSC-98-0403-FOF-EG; obtained a sample of bills and recalculated conservation revenues for each rate class for the twelve months ended March 31, 1999; obtained company's therm count and recalculated total conservation revenues for each rate class for the twelve months ended March 31, 1999.

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Series

**Conservation Expenses:** Compiled conservation program expenses; performed a physical invoice count for incentive expenses; verified that conservation rebate programs have been excluded from conservation cost.

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**Other:** Recalculated Company true-up and interest provision; verified the correct beginning true-up; verified that the interest rates applied to under/over recovery amounts for the twelve months ended March 31, 1999 were correct.

St. Joe Natural Gas Company, Inc.

ECCR Audit

For the period April 98 - March 99

**Schedule of True-Up and Interest Provision**

Prepared By: Chrissy Vendetti

<b>TRUE-UP CALCULATION</b>	<b>April 1998</b>	<b>May 1998</b>	<b>June 1998</b>	<b>July 1998</b>	<b>August 1998</b>	<b>September 1998</b>	<b>October 1998</b>	<b>November 1998</b>	<b>December 1998</b>	<b>January 1999</b>	<b>February 1999</b>	<b>March 1999</b>	<b>Total</b>
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. Conservation Adjusted Revs.	(3,890)	(1,988)	(1,954)	(1,558)	(1,456)	(1,905)	(1,579)	(2,317)	(3,811)	(6,996)	(3,747)	(4,733)	(35,933.00)
4. Total Revenues	(3,890)	(1,988)	(1,954)	(1,558)	(1,456)	(1,905)	(1,579)	(2,317)	(3,811)	(6,996)	(3,747)	(4,733)	(35,934)
5. Prior True-Up Collected/(Refunded)	159	159	159	159	159	159	159	159	159	159	159	159	1,909
6. Conservation Revs Applicable to the Period	(3,730)	(1,829)	(1,795)	(1,399)	(1,297)	(1,746)	(1,419)	(2,158)	(3,652)	(6,837)	(3,588)	(4,574)	(34,025)
<b>7. Conservation Expenses</b>	<b>3,550</b>	<b>2,375</b>	<b>225</b>	<b>900</b>	<b>1,050</b>	<b>2,150</b>	<b>925</b>	<b>1,100</b>	<b>2,850</b>	<b>2,875</b>	<b>2,350</b>	<b>3,225</b>	<b>23,575</b>
8. True-Up- This Period (L6 + L7)	(181)	546	(1,570)	(499)	(247)	404	(494)	(1,058)	(802)	(3,962)	(1,238)	(1,349)	(10,450)
9. Interest Provision- This Period (L22)	8	8	5	(0)	(3)	(3)	(4)	(8)	(13)	(22)	(33)	(40)	(105)
10 True-Up & Interest Prov.- Beginning of Month	1,909	1,577	1,973	249	(410)	(819)	(577)	(1,234)	(2,460)	(3,434)	(7,578)	(9,008)	(19,814)
11 True-Up Collected/(Refunded) (reverse of L5)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	1,909
12 <b>Total Net True-Up (Sum lines 8+9+10+11)</b>	<b>1,577</b>	<b>1,973</b>	<b>249</b>	<b>(410)</b>	<b>(819)</b>	<b>(577)</b>	<b>(1,234)</b>	<b>(2,460)</b>	<b>(3,434)</b>	<b>(7,578)</b>	<b>(9,008)</b>	<b>(10,555)</b>	<b>(32,276)</b>
<b>INTEREST PROVISION</b>													
13 Beginning True-Up & Interest Provision (L10)	1,909	1,577	1,973	249	(410)	(819)	(577)	(1,234)	(2,460)	(3,434)	(7,578)	(9,008)	(19,814)
14 Ending True-up Before Interest (L13 +L8- L5)	1,569	1,964	244	(410)	(816)	(574)	(1,231)	(2,451)	(3,421)	(7,555)	(8,975)	(10,516)	(32,173)
15 Total (L13 + L14)	3,477	3,541	2,217	(161)	(1,226)	(1,393)	(1,808)	(3,686)	(5,881)	(10,990)	(16,553)	(19,523)	(51,986)
16 Average (50% of L15)	1,739	1,770	1,109	(81)	(613)	(697)	(904)	(1,843)	(2,941)	(5,495)	(8,277)	(9,762)	(25,993)
17 Interest Rate 1st. Day of Month	0.05550	0.05530	0.05500	0.05600	0.05560	0.05520	0.05220	0.05100	0.05500	0.04900	0.04810	0.04850	
18 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	0.04810	0.04850	0.04880	
19 Total (L17 + L18)	0.11080	0.11030	0.11100	0.11160	0.11080	0.10740	0.10320	0.10600	0.10400	0.09710	0.09660	0.09730	
20 Average (50% of L19)	0.05540	0.05515	0.05550	0.05580	0.05540	0.05370	0.05160	0.05300	0.05200	0.04855	0.04830	0.04865	
21 Monthly Average (L20/12)	0.00462	0.00460	0.00463	0.00465	0.00462	0.00448	0.00430	0.00442	0.00433	0.00405	0.00403	0.00405	
22 Interest Provision (L16 x L21)	8	8	5	(0)	(3)	(3)	(4)	(8)	(13)	(22)	(33)	(40)	(105)

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

Recalculated by Auditor

Source: Company's filing