

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: September 20, 2000
TO: Division of Economic Regulation (Stallcup)
FROM: Division of Regulatory Oversight (Vandiver) *W*
RE: 000108-GU; Chesapeake Utilities Corporation/Florida Division
 Audit Report; Investigation
 Audit Control No. 00-235-3-1

Attached is the final audit report , dated September 13, 2000, for the utility stated above. I am sending the utility a copy of this memo and the report. If the utility desires to file a response to the audit report, they should send it to the Division of Records and Reporting. There are no confidential work papers associated with this audit.

DNV/sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)
Division of Economic Regulation (Merta)
Orlando District Office (Winston)
Division of Records and Reporting
Division of Legal Services

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

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Wayne Schiefelbein
P. O. Drawer 15856
Tallahassee, Florida 32302

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PUBLIC SERVICE COMMISSION

DATE: September 13, 2000

TO: Paul Stallcup, Economist Supervisor
Division of Economic Regulation, Tallahassee

FROM: *JES* Thomas E. Stambaugh, Regulatory Analyst IV
Division of Regulatory Oversight, Tampa

SUBJECT: Chesapeake Utilities/Florida Division
Docket 000108-GU
Audit Control No. ~~00-159-3-1~~ 00-235-3-1 *D. Pritchett*

RECEIVED
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00 SEP 15 AM 5:49
DIVISION OF
ECONOMIC REGULATION

Chesapeake Utilities, Florida Division, filed a rate proceeding under Docket 000108-GU. As part of the rate case, the Utility submitted documentation of the gas therms which it expected to sell to commercial and industrial customers in the years 2000 and 2001.

Summary of Audit Field Work Performed:

Our audit began by verifying the accuracy of historical therm sales data and interviewing the Utility staff and consultants who had provided the information. The auditor then proceeded to annualize actual year 2000 therm sales to determine whether the actual data annualized would correlate positively with the projections. Two officials of large customers were interviewed by telephone to determine the validity of business operating conditions underlying their projection. An official of another gas utility was contacted to verify therm sales data for a customer which had been transferred to Chesapeake Utilities. The analysis was performed for existing customers and new customers separately. For existing customers, the Utility projection, compared to the audit analysis, was found to be low by 16.57%. The Utility projection for new customers, when compared to the audit analysis, was high by 2.4%. In total, the Utility projection was lower than the audit analysis by 4.65%. The lower use may be attributed to one customer who may go out of business and others whose therm consumption levels may not continue to be as high during the summer months.

Summary of Audit Findings: Accept the Utility projection for ratemaking purposes, subject to the conditions indicated at the end of the last previous paragraph.