

State of Florida



## Public Service Commission

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

---

**DATE:** June 26, 2001  
**TO:** Division of Competitive Services (Makin)  
**FROM:** Division of Regulatory Oversight (Vandiver) (W)  
**RE:** Docket No. 010003-GU; St. Joe Natural Gas Company, Inc.; Purchased Gas Adjustment Audit; Audit Control No. 01-064-1-1

---

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

## Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)  
Division of Commission Clerk and Administrative Services  
Division of Legal Services

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

DOCUMENT NUMBER-DATE

07966 JUN 27 05

FPSC-RECORDS/REPORTING

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

Date: June 22, 2001

**TO: DENISE VANDIVER, CHIEF  
BUREAU OF AUDITING SERVICES**

**FROM: LYNN DEAMER  
FIELD AUDIT SUPERVISOR**

**RE: COMPLETED AUDIT SUMMARY REPORT**

---

Originator: Division of Regulatory Oversight, Florida Public Service Commission

Company: St. Joe Natural Gas Company, Inc.

Audit Control No.: 01-064-1-1 Docket No.: 010003-GU

Purpose of Audit: Purchased Gas Adjustment Audit

		<b><u>Actual Hours</u></b>
Audit Manager:	<u>Chrissy Vendetti</u>	<u>231</u>
Audit Supervisor:	<u>Lynn Deamer</u>	<u>1</u>
	Total Hours	<u>232</u>

Date Field Work Began: May 8, 2001 Date Field Work Ended: June 20, 2001



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT  
BUREAU OF AUDITING SERVICES*

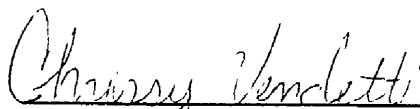
Tallahassee District Office

ST. JOE NATURAL GAS COMPANY, INC.

PURCHASED GAS ADJUSTMENT AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2000

DOCKET NO. 010003-GU  
AUDIT CONTROL NO. 01-064-1-1

  
\_\_\_\_\_  
Chrissy Vendetti, Audit Manager

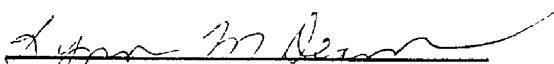
  
\_\_\_\_\_  
Lynn M. Deamer, Audit Supervisor

TABLE OF CONTENTS

<b>I.</b>	<b>AUDITOR'S REPORT</b>	<b>PAGE</b>
	PURPOSE .....	1
	DISCLAIM PUBLIC USE .....	1
	SUMMARY OF SIGNIFICANT PROCEDURES .....	2
<b>II.</b>	<b>DISCLOSURES</b>	
1.	Interest Rates .....	3
2.	Interest Provision .....	4
<b>III.</b>	<b>EXHIBIT</b>	
	CALCULATION OF TRUE-UP AND INTEREST PROVISION .....	5

**DIVISION OF REGULATORY OVERSIGHT  
AUDITOR'S REPORT**

**June 30, 2001**

**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 twelve month period ended December 31, 2000, for St. Joe Natural Gas Company, Inc. The attached schedules were prepared by the utility as part of its petition for purchased gas adjustment true-up in Docket No. 010003-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.

## 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 terms 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-99-2443-FOF-GU and Commission Order No. PSC-00-2138-PCO-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 twelve month period ended December 31, 2000. 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 twelve month period ended December 31, 2000. Recalculated true-up and interest amounts.

## **DISCLOSURES**

### **Disclosure No. 1**

**Subject:** Interest Rates

**Statement of Facts:** St. Joe Natural Gas Company, Inc. calculated Interest Provision using 6.490 for June and 6.540 for July. The correct interest rates are 6.570 for June and 6.580 for July. The auditor has determined the effect to be immaterial in relation to total Interest Provision and passes on any adjustments.

**Recommendation:** This Disclosure is for information purposes only.

**Disclosure No. 2**

**Subject: Interest Provision**

**Statement of Facts:** St. Joe Natural Gas Company, Inc. reported \$291, \$190, and (\$211) as Interest Provision on Schedules A-2 for July, November, and December, respectively. The company reported \$288, \$187, and (\$282) as Interest Provision in its General Ledger for July, November, and December, respectively. The company states in response to Document Request No. CV-1 that it used the incorrect interest rates and failed to correct it in the General Ledger. The auditor has determined the effect to be immaterial in relation to total Interest Provision and passes on any adjustments.

**Recommendation:** This Disclosure is for information purposes only.



TRUE-UP CALCULATION	Jan 2000	Feb 2000	March 2000	April 2000	May 2000	June 2000	July 2000	August 2000	September 2000	October 2000	November 2000	December 2000	Total
1. Purchased Gas Cost	64,767	59,142	27,457	11,468	14,628	9,963	35,476	37,463	21,619	37,923	95,675	259,175	674,756
2. Transportation Cost	38,260	19,786	30,055	27,357	7,106	7,527	7,106	7,106	6,877	7,106	27,357	28,268	213,911
3. Total	103,027	78,928	57,512	38,825	21,734	17,490	42,582	44,569	28,496	45,029	123,032	287,443	888,667
4. Fuel revenues (Net of Revenue Tax)**	74,206	63,071	44,732	30,874	17,542	17,017	27,037	27,217	23,227	54,380	125,933	137,695	642,931
5. True-Up (Collected) or refunded	9,364	9,364	9,364	9,364	9,364	9,364	9,364	9,364	9,364	9,364	9,364	9,364	112,368
6. Fuel Revenue Applicable To Period (L4 +/- L5)	83,570	72,435	54,096	40,238	26,906	26,381	36,401	36,581	32,591	63,744	135,297	147,059	755,299
7. True-Up Provision - This Period (L6 - L3)	(19,457)	(6,493)	(3,416)	1,413	5,172	8,891	(6,181)	(7,988)	4,095	18,715	12,265	(140,384)	(133,268)
8. Interest Provision - This Period (L21)	544	448	390	352	334	332	291	202	142	154	190	(211)	3,168
9. Beginning Of Period True-Up & Interest	128,951	100,674	85,265	72,874	65,276	61,416	61,275	46,021	28,871	23,744	33,249	36,341	743,957
10. True-up (Refunded) or Collected -(reverse of L5)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(9,364)	(112,368)
11. Total Est./Actual True-Up (7+8+9+10)	100,674	85,265	72,875	65,275	61,418	61,275	46,021	28,871	23,744	33,249	36,340	(113,618)	501,389

INTEREST PROVISION	Jan 2000	Feb 2000	March 2000	April 2000	May 2000	June 2000	July 2000	August 2000	September 2000	October 2000	November 2000	December 2000	Total
12. Beginning True-Up & Interest Provision (L9)	128,951	100,674	85,265	72,874	65,276	61,416	61,275	46,021	28,871	23,744	33,249	36,341	743,957
13. Ending True-up Before Interest (L12 +L 7- L5)	100,130	84,817	72,485	64,923	61,084	60,943	45,730	28,669	23,602	33,095	36,150	(113,407)	575,000
14. Total (L12 + L13)	229,081	185,491	157,750	137,797	126,360	122,359	107,005	74,690	52,473	56,839	69,399	(77,066)	1,318,957
15. Average (50% of L14)	114,540	92,746	78,875	68,899	63,180	61,180	53,503	37,345	26,237	28,420	34,700	(38,533)	659,478
16. Interest Rate 1st Day of Month	5.600	5.800	5.800	6.070	6.180	6.490	6.540	6.500	6.480	6.500	6.490	6.650	6.500
17. Interest Rate 1st. Day of Subsequent Month	5.800	5.800	6.070	6.180	6.490	6.540	6.500	6.480	6.500	6.490	6.650	6.500	6.500
18. Total (L16 + L17)	11.400	11.600	11.870	12.250	12.670	13.030	13.040	12.980	12.980	12.990	13.140	13.150	13.000
19. Average (50% of L18)	5.700	5.800	5.935	6.125	6.335	6.515	6.520	6.490	6.490	6.495	6.570	6.575	6.500
20. Monthly Average (L19/12)	0.475	0.483	0.495	0.510	0.528	0.543	0.543	0.541	0.541	0.541	0.548	0.548	0.542
21. Interest Provision (L15 x L20)	544	448	390	352	334	332	291	202	142	154	190	(211)	3,168

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

Recalculated by Auditor

Source: Company's filing