

State of Florida



Public Service Commission

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

DATE: July 26, 2001
TO: Division of Competitive Services (S. Brown)
FROM: Division of Regulatory Oversight (Vandiver) *OV*
RE: Docket No. 010004-GU; St. Joe Natural Gas Company, Inc.; Conservation audit; Audit Control No. 01-068-1-1

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 (2)
Division of Legal Services

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

DOCUMENT NUMBER-DATE

09107 JUL 26 01

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES

Tallahassee District Office

ST. JOE NATURAL GAS COMPANY, INC.

ENERGY CONSERVATION COST RECOVERY AUDIT

12 MONTHS ENDED DECEMBER 31, 2000

DOCKET NO. 010004-GU
AUDIT CONTROL NO. 01-068-1-1

A handwritten signature in cursive script, appearing to read "Chrissy Vendetti".

Chrissy Vendetti, Audit Manager

A handwritten signature in cursive script, appearing to read "Lynn M. Deamer".

Lynn M. Deamer, Audit Supervisor

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

June 26, 2001

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. 010004-GU for the twelve months ended December 31, 2000, 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.

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.

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-99-2504-FOF-EG; obtained a sample of bills and recalculated conservation revenues for each rate class for the twelve months ended December 31, 2000; obtained company's therm count and recalculated total conservation revenues for each rate class for the twelve months ended December 31, 2000.

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.

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 December 31, 2000, were correct.

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. The company should take extra caution to make sure the correct interest rates are being used.

Disclosure No. 2

Subject: True-Up

Statement of Facts: St. Joe Natural Gas Company, Inc. reported an under recovery of \$5,609 for Prior Period True-Up on line 5 of its Schedules CT-3 for the 12 month period ended December 31, 2000. PSC Order No. PSC-00-2392-FOF-EG approved an under recovery of \$5,622 for this period. The difference is \$13. The auditor has determined the effect to be immaterial and passes on any adjustments.

Recommendation: This Disclosure is for information purposes only. The company should take extra caution to abide by the amounts approved by the Commission.

TRUE-UP CALCULATION	January 2000	February 2000	March 2000	April 2000	May 2000	June 2000	July 2000	August 2000	September 2000	October 2000	November 2000	December 2000	Total
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.	(4,679)	(5,648)	(2,496)	(1,821)	(1,468)	(1,087)	(1,165)	(1,211)	(1,047)	(1,597)	(3,131)	(3,505)	(28,855)
4. Total Revenues	(4,679)	(5,648)	(2,496)	(1,821)	(1,468)	(1,087)	(1,165)	(1,211)	(1,047)	(1,597)	(3,131)	(3,505)	(28,855)
5. Prior True-Up Collected/(Refunded)	467	467	467	467	467	467	467	467	467	467	467	467	5,604
6. Conservation Revs Applicable to the Period	(4,212)	(5,181)	(2,029)	(1,354)	(1,001)	(620)	(698)	(744)	(580)	(1,130)	(2,664)	(3,038)	(23,251)
7. Conservation Expenses	2,275	3,000	5,550	1,125	1,375	2,250	2,675	2,475	3,600	3,875	2,450	3,550	34,200
8. True-Up- This Period (L6 + L7)	(1,937)	(2,180)	3,522	(229)	374	1,631	1,977	1,732	3,020	2,745	(213)	512	10,950
9. Interest Provision- This Period (L22)	21	9	10	17	16	19	26	34	44	58	63	62	379
10 True-Up & Interest Prov.- Beginning of Month	5,609	3,226	587	3,652	2,972	2,894	4,076	5,612	6,910	9,507	11,842	11,225	68,112
11 True-Up Collected/(Refunded) (reverse of L5)	(467)	(467)	(467)	(467)	(467)	(467)	(467)	(467)	(467)	(467)	(467)	(467)	1,909
12 Total Net True-Up (Sum lines 8+9+10+11)	3,226	588	3,652	2,973	2,895	4,077	5,612	6,911	9,507	11,843	11,225	11,332	73,841

INTEREST PROVISION	January 2000	February 2000	March 2000	April 2000	May 2000	June 2000	July 2000	August 2000	September 2000	October 2000	November 2000	December 2000	Total
13 Beginning True-Up & Interest Provision (L10)	5,609	3,226	587	3,652	2,972	2,894	4,076	5,612	6,910	9,507	11,842	11,225	68,112
14 Ending True-up Before Interest (L13 +L8- L5)	3,205	579	3,642	2,956	2,879	4,058	5,586	6,877	9,463	11,785	11,162	11,270	73,458
15 Total (L13 + L14)	8,814	3,805	4,229	6,608	5,851	6,952	9,662	12,489	16,373	21,292	23,004	22,495	141,570
16 Average (50% of L15)	4,407	1,903	2,115	3,304	2,926	3,476	4,831	6,245	8,187	10,646	11,502	11,248	70,785
17 Interest Rate 1st. Day of Month	0.05600	0.05800	0.05800	0.06070	0.06180	0.06570	0.06580	0.06500	0.06480	0.06500	0.06490	0.06650	
18 Interest Rate 1st. Day of Subsequent Month	0.05800	0.05800	0.06070	0.06180	0.06570	0.06580	0.06500	0.06480	0.06500	0.06490	0.06650	0.06500	
19 Total (L17 + L18)	0.11400	0.11600	0.11870	0.12250	0.12750	0.13150	0.13080	0.12980	0.12980	0.12990	0.13140	0.13150	
20 Average (50% of L19)	0.05700	0.05800	0.05935	0.06125	0.06375	0.06575	0.06540	0.06490	0.06490	0.06495	0.06570	0.06575	
21 Monthly Average (L20/12)	0.00475	0.00483	0.00495	0.00510	0.00531	0.00548	0.00545	0.00541	0.00541	0.00541	0.00548	0.00548	
22 Interest Provision (L16 x L21)	21	9	10	17	16	19	26	34	44	58	63	62	379

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

Recalculated by Auditor

Source: Company's filing