



Public Service Commission

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

DATE: September 6, 2001
TO: Division of Competitive Services (Makin)
FROM: Division of Regulatory oversight (Vandiver)
RE: Docket No. 010003-GU; City Gas Company of Florida, NUI Corp.
PGA Audit; Control No. 01-066-4-1 and 01-064-4-1

Attached is a complete copy of the PGA audit report that was issued by memo dated July 6, 2001. The original memo included a redacted copy that did not include pages 4, and 6 through 12. When the company filed its specific request for confidentiality, it did not request confidentiality for these pages so I am issuing a full copy of the report for your use.

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
Division of Safety and Electric Reliability (Jenkins)
Division of Competitive Services (Bulecza-Banks)
Division of Commission Clerk and Administrative Services (2)
Division of Legal Services (C. Keating, Elias)

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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*

Miami District Office

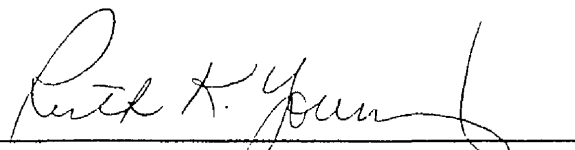
CITY GAS COMPANY OF FLORIDA

PURCHASED GAS ADJUSTMENT AUDIT

PERIOD ENDED DECEMBER 31, 2000

AUDIT CONTROL NOS. 01-064-4-1 and 01-066-4-1

DOCKET NO. 010003-GU


Ruth K. Young, Audit Manager


Kathy Welch, Miami District Supervisor

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**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 year ending December 31, 2000. These schedules were prepared by the utility as part of its Purchased Gas Adjustment true-up filings in Docket No. 010003-GU.

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:

Scanned - The documents or accounts were read quickly looking for obvious errors.

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

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

Confirmed - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

Verify - The item was tested for accuracy and compared to substantiating documentation.

Revenues: The revenue amounts on the A-2 schedules were compared with the company reconciliation schedules. Traced revenues and terms to billing system summaries. Determined if the rates charged were over the cap. Recalculated customer bills for each rate class.

Expenses: Compiled cost of gas expenses for the 12-months ending December 31, 2000. Compared the cost of gas according to the A-2 schedules to the documentation supporting the A-2 schedules and the general ledger for all months. Examined on a judgmental basis invoices for the purchase of gas. Where the parent company allocated a portion of the gas invoice to City Gas, the allocation percents were traced to appropriate documentation. Off-system sales were examined on a judgmental basis to determine if the correct amounts were deducted from the cost of gas. Margin sharing for off-system sales was recalculated on a random basis.

True-up and Interest: Recalculated the true-up and interest amount for the 12-months ending December 31, 2000. Traced interest rates to the Wall Street Journal.

AUDIT EXCEPTION 1

**SUBJECT: ADJUSTMENTS FROM THE LAST PSC AUDIT FOR THE
YEAR END DECEMBER 31, 1999**

STATEMENT OF FACTS: The last audit report for the PGA for the 12 months ended December 31, 1999, dated September 5, 2000, included adjustments to the ending period true-up. There were three exceptions which impacted the final true-up. One adjustment was for revenues, the second for cost of gas and the third for prior audit period errors. The net effect of the audit report increased the company's over recovery from \$753,665 to \$860,977; a total difference of \$107,312. This adjustment was not made in the year 2000.

Also, it was reported in the last audit that a cost of gas expense in December 1999 included \$366,710.80 on the A-2 schedule which was not booked until January 2000. The company explained at that time that the A-2 was changed in December without recording the adjustment on the books until the month of January 2000. There was no adjustment made by staff to remove this expense from the true up.

In January 2000, the general ledger included the adjustment, but the amount was also included again on the January 2000 A-2 schedule as a cost of gas.

OPINION: It was pointed out in the last audit report that changing the filing and not the general ledger until the next month could lead to reporting the same expenses in two months. This is what occurred.

RECOMMENDATION: The beginning over recovery true-up should be increased for the adjustments made in the last audit in the amount of \$107,312. The cost of gas on the January 2000 A-2 schedule should be reduced by \$366,710.80.

This adjustment along with all other audit exceptions are included in a revised A-2 true up schedule in the Exhibit section of this report.

AUDIT EXCEPTION 2

SUBJECT: INCORRECT RECORDING OF MARGIN SHARING GAINS FROM OFF-SYSTEM SALES

STATEMENT OF FACTS: Off-system sales were approved by the Commission in PSC Order No. 96-0482-FOF-GU. Off-system sales are not considered part of the cost of gas in the purchased gas adjustment clause. However, the profit from these sales is shared. There is a 50/50 sharing mechanism in the tariff whereby both City Gas and the customers benefit from the profit of these sales. Fifty percent of the profit reduces the cost of gas in the Purchased Gas Adjustment Clause and 50 percent of the profit reduces the cost of off-system sales.

In the months of August and September 2000, the company incorrectly accounted for the profit on both the A-2 and the general ledger.

A-2 : The total profit was included in the A-2 as an offset to the cost of gas, rather than 50% as approved by the Commission. According to the Commission order, only half the profit should offset the cost of gas in the Purchased Gas Adjustment Clause. The total profit is \$12,000 and \$32,250 for the months of August and September respectively.

General Ledger: Only one of the journal entries was made to the general ledger. The way the realized gain was recorded is correct, but the journal entry to share the profit between the off-system sales cost and the customer cost was not made.

OPINIONS:

Adjustment to the General Ledger:

Dr. Account 800400 (Off-system Sales) Aug	\$ 6,000
Dr. Account 800400 (Off-system Sales) Sept	16,125
Cr. Account 191022 (Customer 50% Margin Sharing) Aug	\$ 6,000
Cr. Account 191022 (Customer 50% Margin Sharing) Sept	16,125

To book the second part of the entry for the profit from off-system sales for August and September.

Adjustment to the A-2 Schedule: As the customer received the credit for the total profit, it is necessary to increase the cost of gas to remove half of the profit on Schedule A-2 for the months of August and September in the amount of \$6,000 and \$16,125 respectively.

These two adjustments to the A-2 are incorporated into Audit Exception 3.

AUDIT EXCEPTION 3

SUBJECT: COST OF GAS

STATEMENT OF FACTS: When comparing the cost of gas on the A-2 schedules submitted to the Commission for the year end December 31, 2000 with the general ledger, it was determined that there were discrepancies in 11 of the 12 months. Because of all the differences, the A-2 schedules were disregarded and the amounts in the general ledger were used as a starting point to audit. When the amounts in the general ledger were verified, an adjustment was made to the A-2 cost of gas to agree with the general ledger when appropriate.

The differences determined are detailed on the schedule following this exception. The detail shows that the cost of gas for the year end should be increased in the amount of \$100,273.63.

The types of differences are:

1. Accruals on the A-2 that do not agree with the amounts in the general ledger (both higher and lower).
2. Reversal of prior months accruals incorrect on the A-2 (reversals are different than the prior month accruals).
3. Formula errors on the A-2 .
4. Company use amounts reported on both the general ledger and the A-2 are incorrect.
5. Certain transactions recorded in the general ledger were inadvertently left off of the A-2.
6. Accounts included on the A-2 that should not be part of cost of gas.
7. Typographical errors on the A-2.

OPINION: The cost of gas amounts included on the A-2 schedules should not be relied upon.

RECOMMENDATION: The cost of gas on the A-2 schedules submitted to the Commission should be increased from \$31,145,562.00 to \$31,245,835.53; a difference of \$100,273.63. (This amount includes the adjustments in Audit Exception 2.) A revised schedule A-2 is included in the exhibit section in this report. This revised schedule also includes all other audit exceptions.

The Company should calculate the A-2 schedules according to the general ledger. The accruals and payments should be the same in both. Also, procedures should be instituted to make sure that items are not omitted and formulas calculate the correct amounts when preparing the A-2 schedules.

COMPANY:
TITLE:
PERIOD:

CITY GAS COMPANY
ADJUSTMENTS TO SCHEDULE A-2
YEAR END DECEMBER 31, 2000

SCHEDULE TO AUDIT EXCEPTION 3

Total Cost of Gas for 12 months ended December 31, 2000 included on the A-2	31,145,562.00
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January Adjustments

1. Accrual on the A-2 did not agree with the general ledger. Increase the A-2 to agree with the general ledger.	48.23	
2. Typographical error on A-2. Decrease A-2	(0.03)	
Net Increase to A-2 for January		48.20

February Adjustments

3. Accruals on the general ledger were lower than the accruals on the A-2. Reduce the cost to agree with the general ledger	(391,679.90)	
4. Reversal of accrual from prior month on the A-2.	(48.23)	
5. Typographical error on A-2. Decrease A-2	(0.02)	
Net Decrease to A-2 for February		(391,728.15)

March Adjustments

6. Reverse accrual from prior month	391,679.90	
7. Formula Error on A-2. Increase A-2	7.23	
Net Increase to A-2 for March		391,687.13

April Adjustments

No adjustments in April

May Adjustments

8. The amounts booked on the general ledger for company usage were different than reported on the A-2. Both amounts are incorrect and adjusted for in later months. Since this is a credit to cost of gas on the A-2 debit the cost for the incorrect amount on the A-2.	15,376.83	
Credit the cost of gas for the correct amount.	(930.72)	
9. Typographical errors	(0.19)	
Net Increase to A-2 for May		14,445.92

COMPANY:
TITLE:
PERIOD:

CITY GAS COMPANY
ADJUSTMENTS TO SCHEDULE A-2
YEAR END DECEMBER 31, 2000

SCHEDULE TO AUDIT EXCEPTION 3

June Adjustments

10. Company use reported on A-2 to be reversed, not correct	1,114.35	
Credit the cost of gas for the correct amount	(925.52)	
11. A-2 includes an invoice as paid but not paid on the general ledger. Decrease A-2	(326.85)	
12. One invoice accrued on the A-2, but not on the general ledger. Decrease A-2	(191,241.43)	
13. Amount included in the general ledger for overtenders, but left off of the A-2. Should be included on the A-2	9,110.57	
Net decrease to June Cost on A-2		(182,268.88)

July Adjustments

14. Company Use reported on the A-2 incorrect	903.66	
Credit the A-2 for the correct company use	(750.23)	
15. Reversal of June accrual above	191,241.43	
16. Unknown credit on A-2 which does not appear on the general ledger. Add back to A-2	2,895.36	
17. The A-2 is missing the reversal of certain June Accruals. Reduce the cost on A-2	(35,768.89)	
18. A June accrual was reversed in the wrong amount. Increase expense in A-2 to agree with the general ledger.	1,422.31	
19. The general ledger expense is less than the A-2, therefore reduce the expense on the A-2	(5,903.15)	
Net increase to A-2 for July		154,040.49

August Adjustments

20. Formula error on the A-2 omitted a gas cost. Increase the A-2	41,696.84	
21. Incorrect account included in the A-2. Remove incorrect account and include part in the A-2. See Audit Exception 2	6,000.00	
Net increase to expense for August		47,696.84

COMPANY:
TITLE:
PERIOD:

CITY GAS COMPANY
ADJUSTMENTS TO SCHEDULE A-2
YEAR END DECEMBER 31, 2000

SCHEDULE TO AUDIT EXCEPTION 3

September Adjustments

22. Accrual for cost was included on the A-2 but not in the general ledger. Reduce the cost on A-2	(617,947.38)	
23. Accrual booked on the general ledger in different amount than on the A-2. The general ledger was less than the A-2. Reduce the cost on A-2	(486,016.90)	
24. Accrual on A-2 is lower than the general ledger. Increase the A-2	68.19	
25. Incorrect account included in the A-2. Remove incorrect account and include part in the A-2. See Audit Exception 2	16,125.00	
Net decrease to A-2 in September		(1,087,771.09)

October Adjustments

26. Accrual reversed on the A-2 that was not in the General ledger in Sept. See prior month. Add back to the A-2	617,947.38	
27. Reversal on A-2 of Sept above	486,016.90	
28. Reversal on A-2 of Sept above	(68.19)	
29. Formula error on schedules filed with the Commission caused the A-2 cost of gas to be lower than the general ledger. Add back to the A-2	9,990.08	
Net increase to A-2 for October		1,113,886.17

November Adjustments

30. Accrual included in the general ledger, not on the A-2. Add to the A-2	18,480.00	
31. Realized Gains/Losses booked in the general ledger, but not included on the A-2 Increase cost of gas	2,630.00	
32. Formula error on A-2 caused cost to be less than the amount in the general ledger. Add to the A-2	11,159.80	
Net increase to A-2 for November		32,269.80

COMPANY:
TITLE:
PERIOD:

CITY GAS COMPANY
ADJUSTMENTS TO SCHEDULE A-2
YEAR END DECEMBER 31, 2000

SCHEDULE TO AUDIT EXCEPTION 3

December Adjustments

33. Formula error on A-2. Add to cost of
gas on A-2 to agree with the general ledger

7,967.20

Net increase to A-2 for December

7,967.20

Adjusted total for A-2

31,245,835.63

Total submitted to the Commission

31,145,562.00

Total Adjustment to Increase A-2

100,273.63

AUDIT EXCEPTION 4

SUBJECT: CALCULATION OF MARGIN SHARE FOR OCTOBER

STATEMENT OF FACTS: The margin share for the month of October was calculated incorrectly. The documentation provided by the company showed the administrative fees charged were incorrect. The correct amount and calculation of the margin share follows:

	<u>October 2000</u>
Margin	224,245.96
Correct Fees for the Month	(800.00)

	223,445.96
Divide by 2	
	111,722.98
Adjustment by Co	417.27

	112,140.25
Original Entry to Account 800400	114,140.27

Difference	2,000.00

The original entry was a debit to off-system sales (account 800400) and a credit to rate payers margin share (account 191022) in the amount of 114,140.27. There is a difference of \$2,000.

OPINION: A correcting journal entry should be made to the general ledger .

Dr. 191022	\$2,000	
Cr. 800400		\$2,000

The effect of the corrected journal entry is to increase the cost of gas on the A-2 in the amount of \$2,000. Since the off-system sales are not included in the purchased gas adjustment clause, there is no effect from that part of the journal entry.

A revised schedule A-2 is included in the exhibit section in this report. This revised schedule also includes all other audit exceptions.

AUDIT DISCLOSURE 1

SUBJECT: HEDGING

STATEMENT OF FACTS:

The company is using a hedging mechanism for a small portion of the monthly base load and a portion of the off-system sales.

Base Load Requirements

For base load requirements, the company explained that "...rather than buy gas from a third party supplier at a fixed price, the company is buying futures contracts for the "prompt" month (for June 2001, the futures "prompt month" would be July 2001) and applying the results to the monthly index price. The sum of the monthly index price and the results of the futures transaction generate a fixed price."

Example: For a specific month the company will enter into a contract to purchase gas at a fixed price per unit. For example, City wants to purchase from XYZ at \$4.50 a unit for the month of July. If XYZ agrees, then there is no hedging. If XYZ wants to charge \$4.60 and City does not want to pay that amount, City will not enter into a fixed rate contract, but a selected index contract. At the same time the company will go out and purchase futures for July at \$4.50. As explained by company personnel, the company is not trading futures, but is committed to futures to lock in a price.

In July if the index price is higher than the futures, the cost of gas is reduced. The company buys the physical therms at index. The index price is paid and the difference between the futures and the index price is paid to the company by the party who sold the company the futures. This difference becomes a credit to the cost of gas.

If the index price is lower than the futures, the cost of gas is increased. The index price is paid to XYZ and the difference between the futures contract and index is also paid to which ever party the future contract is purchased from. The difference increases the cost of gas to the price paid for the futures.

The company states that its total cost of gas for a specific transaction will always net to the company's objective of acquiring a volume of gas at a fixed price that is established with the futures. An example of the journal entries follows:

If index price is higher than futures:

Dr. Cost of Gas 800710	4.60 (Index Price)
Cr. Cost of Gas 800710	.10
Cr. Interco Account	4.50 (Futures)

If index price is lower than futures:

Dr. Cost of Gas 800710	4.40 (Index Price)
Dr. Cost of Gas 800710	.10
Cr. Interco Account	4.50 (Futures)

In the year 2000, the following amounts were booked to 800710, cost of gas, for hedging activities:

Hedging Activities Booked to 800710, Cost of Gas
For the year 2000

	<u>Dr(Cr)</u>
January	350
February	100
August	300
September	(650)
November	2,630
December	66,300

	69,030

Off-System Sales

A company representative stated that "...the company is hedging the purchase of natural gas associated with off-system sales." Off-system sales are not included in the purchased gas adjustment calculation. However, the margin for off-system sales is shared 50/50 between the ratepayer (through the purchased gas adjustment clause) and the company. Audit Exception 2 explains off-system sales in more detail.

There are two parts to off-system sales. One is the sale of excess capacity to another party, and the second is futures contracts. During the year 2000, there were only profits from off-system sales recorded which had the effect of reducing the cost to the customer. We did not determine the portion of the profit that related to the futures contracts. Theoretically, it could have been a loss, but the profits from the off-systems sales were higher than the loss. We did not determine this.

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2			
CITY GAS COMPANY OF FLORIDA		FOR THE PERIOD OF: JANUARY 00 Through DECEMBER 00				(REVISED 6/08/94)			
						PAGE 4 OF 11			
	CURRENT MONTH: 12/00		DIFFERENCE		PERIOD TO DATE		DIFFERENCE		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
	ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%	
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Flx down line 4+6)	4,127,703	3,302,539	(825,164)	-24.99%	20,389,328	26,585,724	6,196,396	23.31%
2	TRANSP GAS COST (Sch A-1 Flx down line 1+2+3+5)	1,145,277	953,700	(191,577)	-20.09%	10,756,234	11,028,309	272,075	2.47%
3	TOTAL	5,272,980	4,256,239	(1,016,741)	-23.89%	31,145,568	37,614,033	6,468,465	17.20%
4	FUEL REVENUES (Sch A-1 Flx down line 14) (NET OF REVENUE TAX)	2,616,803	4,243,335	1,626,532	38.33%	25,018,532	37,503,863	12,485,331	33.29%
5	TRUE-UP (COLLECTED) OR REFUNDED	4,019	4,019	-	0.00%	48,228	48,228	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2,620,822	4,247,354	1,626,532	38.30%	25,066,760	37,552,091	12,485,331	33.25%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(2,652,158)	(8,885)	2,643,273	-29749.84%	(6,078,802)	(61,942)	6,016,860	-9713.70%
8	INTEREST PROVISION-THIS PERIOD (21)	(22,511)	13,101	35,612	271.83%	(85,139)	52,635	137,774	261.75%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	(2,779,811)	2,066,098	4,845,909	234.54%	753,670	1,739,913	986,243	56.68%
9A	ADJUST BEGINNING ESTIMATE	-	331,084	331,084	100.00%	-	715,001	715,001	100.00%
9B	BEGINNING OF PERIOD TRUE-UP AND INTEREST	(2,779,811)	2,397,182	5,176,993	215.96%	753,670	2,454,914	1,701,244	69.30%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(4,019)	(4,019)	-	0.00%	(48,228)	(48,228)	-	0.00%
10a	Refund (if applicable)	-	-	-	---	-	-	-	---
10b	Refund of interim rate increase	-	-	-	---	-	-	-	---
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9b+10+10a)	(5,458,499)	2,397,379	7,855,878	327.69%	(5,458,499)	2,397,379	7,855,878	327.69%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9b)	(2,779,811)	2,397,182	5,176,993	215.96%				
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	(5,435,988)	2,384,278	7,820,266	327.99%				
14	TOTAL (12+13)	(8,215,798)	4,781,460	12,997,258	271.83%				
15	AVERAGE (50% OF 14)	(4,107,899)	2,390,730	6,498,629	271.83%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.06650	0.06650	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.06500	0.06500	-	0.00%				
18	TOTAL (16+17)	0.13150	0.13150	-	0.00%				
19	AVERAGE (50% OF 18)	0.06575	0.06575	-	0.00%				
20	MONTHLY AVERAGE (19/12 Months)	0.00548	0.00548	-	0.00%				
21	INTEREST PROVISION (15x20)	(22,511)	13,101	35,612	271.83%				

* If line 5 is a refund add to line 4
If line 5 is a collection () subtract from line 4

COMPANY EXHIBIT

Company CITY GAS CO
 Title True-up & Interest Calculations
 Period Year Ended 12/31/00
 Date MAY 4, 2001

REVISED FOR AUDIT EXCEPTIONS

Interest Rates per Wall Street Journal Commercial Paper			Interest Rates per Wall Street Journal Commercial Paper		
Interest- first day reporting	January	5 6000%	Interest- first day reporting	July	6 5800%
	February	5 8000%		August	6 5000%
	March	5 8000%		September	6 4800%
	April	6 0700%		October	6 5000%
	May	6 1800%		November	6 4900%
	June	6 5700%		December	6 6500%

Interest- first day reporting of subsequent month	6 5800%	Interest- first day reporting of subsequent month	6 5000%
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	January	February	March	April	May	June	July	August	September	October	November	December	Total
Beginning	5 600%	5 800%	5 800%	6 070%	6 180%	6 570%	6 58%	6 50%	6 48%	6 50%	6 49%	6 65%	
Ending	5 800%	5 800%	6 070%	6 160%	6 570%	6 580%	6 50%	6 48%	6 50%	6 49%	6 65%	6 50%	
Total	11 400%	11 600%	11 870%	12 250%	12 750%	13 150%	13 080%	12 980%	12 980%	12 990%	13 140%	13 150%	
Average	5 700%	5 800%	5 935%	6 125%	6 375%	6 575%	6 540%	6 490%	6 490%	6 495%	6 570%	6 575%	
Monthly Average	0 475%	0 483%	0 495%	0 510%	0 531%	0 546%	0 545%	0 541%	0 541%	0 541%	0 548%	0 548%	
CALCULATION OF TRUE-UP													
Total Gas revenues	2,209,943	2,400,700	2,306,747	1,960,021	1,856,082	1,760,545	1,870,986	1,924,456	1,898,386	2,147,738	2,066,125	2,616,803	25,018,532
	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior True-up - Note (a)	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	48,229
Adj Total gas revenue to current	2,213,962	2,404,719	2,310,766	1,964,040	1,860,101	1,764,564	1,875,005	1,928,475	1,902,405	2,151,757	2,070,144	2,620,822	25,066,761
Gas Cost	3,178,238	2,654,306	2,520,203	2,135,200	1,714,930	2,108,208	2,101,764	2,164,141	2,050,667	2,422,104	2,822,821	5,272,980	31,145,562
AUDIT EXCEPTION 1	(366,710)	0	0	0	0	0	0	0	0	0	0	0	(366,710)
AUDIT EXCEPTION 2	48	(391,728)	391,687	0	14,446	(182,269)	154,040	47,697	(1,087,771)	1,113,886	32,270	7,967	100,273
AUDIT EXCEPTION 4	0	0	0	0	0	0	0	0	0	2,000	0	0	2,000
Adjusted Total Gas Cost current	2,811,576	2,262,578	2,911,890	2,135,200	1,729,376	1,925,939	2,255,804	2,211,838	962,896	3,537,990	2,655,091	5,280,947	30,881,125
True-up this period	(597,614)	142,141	(601,124)	130,725	(171,160)	130,725	(161,375)	(380,799)	(283,363)	939,509	(1,366,233)	(784,947)	(2,660,125)
Interest provision	2,661	1,600	490	(1,483)	(1,680)	(1,848)	(3,347)	(5,158)	(3,433)	(4,685)	(10,730)	(20,257)	(47,870)
True-up & Interest beginning Note (b)	753,665	262,005	401,727	(202,926)	(379,588)	(254,562)	(421,804)	(809,969)	(1,102,509)	(170,452)	(1,565,388)	(2,365,085)	753,665
AUDIT EXCEPTION 1	107,312												107,312
Adj True-up Interest Beginning	860,977	262,005	401,727	(202,926)	(379,588)	(254,562)	421,804	(809,969)	(1,102,509)	(170,452)	(1,565,388)	(2,365,085)	860,977
Prior true-up coll refunded	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(4,019)	(48,229)
FGT PGA TRUE UP ADJ													
Rate Case Refund Balance													
Total net true-up	262,005	401,727	(202,926)	(379,588)	(254,562)	(421,804)	(809,969)	(1,102,509)	(170,452)	(1,565,388)	(2,365,085)	(5,049,486)	Underrcovery (5,049,486)
True-up for the month CO FILING	(213,345)	(468,584)	(684,898)	(864,017)	(727,078)	(1,079,678)	(1,316,969)	(1,564,427)	(1,725,583)	(2,010,027)	(2,779,811)	(5,458,499)	(5,458,499)
Difference	475,350	870,321	481,972	484,429	472,516	657,874	507,000	461,918	1,555,131	444,639	414,726	409,013	409,013
CALCULATION OF INTEREST													
Beginning true up and int	860,977	262,005	401,727	(202,926)	(379,588)	(254,562)	(421,804)	(809,969)	(1,102,509)	(170,452)	(1,565,388)	(2,365,085)	
Ending true-up before int	259,344	400,127	(203,416)	(378,105)	(252,882)	(419,956)	(806,622)	(1,097,351)	(167,019)	(1,560,704)	(2,354,354)	(5,029,229)	
Total	1,120,321	662,131	198,311	(581,031)	(632,469)	(674,517)	(1,228,425)	(1,907,320)	(1,269,527)	(1,731,155)	(3,919,743)	(7,394,314)	
Average true up	560,160	331,066	99,155	(290,515)	(316,235)	(337,259)	(614,213)	(953,660)	(634,764)	(865,578)	(1,959,871)	(3,697,157)	
Interest rate per above	0 48%	0 48%	0 49%	0 51%	0 53%	0 55%	0 55%	0 54%	0 54%	0 54%	0 55%	0 55%	
Interest per staff	2,661	1,600	490	(1,483)	(1,680)	(1,848)	(3,347)	(5,158)	(3,433)	(4,685)	(10,730)	(20,257)	(47,870)
True-up for the month per Company	1,260	(1,643)	(2,848)	(3,940)	(4,213)	(4,937)	(6,513)	(7,773)	(8,875)	(10,078)	(13,088)	(22,511)	(85,139)
	1,381	3,243	3,338	2,457	2,533	3,089	3,166	2,615	5,442	5,393	2,358	2,254	37,269

Source Company prepared schedule A-2

NOTE A THE PRIOR TRUE UP AMOUNT SHOWN ABOVE WAS TRACED TO THE LAST 12 month period
 Order No 99-2443-FOF-GU Overrecovery of \$48,229 divide by 12 = 4,019

NOTE B THE TRUE UP AND INTEREST BEGINNING TOTAL AMOUNT OF WAS TRACED
 TO LAST SIX MONTH PERIOD FILING - ENDING TRUE UP DOCKET 990003-GU
 AFAD NO 00-003-4-3

COMPANY: CITY GAS CO
 TITLE: ADJUSTMENTS TO PURCHASED GAS
 ADJUSTMENT SCHEDULES FILED WITH
 THE COMMISSION
 PERIOD: YEAR END DECEMBER 31, 2000
 DATE: JUNE 11, 2000

Detail of Staff Revised True up Schedule

	AUDIT EXCEPTION 1 Cost of Gas on A-2 Dr (Cr)	AUDIT EXCEPTION 2 Cost of Gas on A-2 Dr (Cr)	AUDIT EXCEPTION 3 Cost of Gas on A-2 Dr (Cr)	AUDIT EXCEPTION 4 Cost of Gas on A-2 Dr (Cr)	TOTAL
January	(366,710.00)		48.20		(366,661.80)
February			(391,728.15)		(391,728.15)
March			391,687.13		391,687.13
April			0		0.00
May			14,445.92		14,445.92
June			(182,268.88)		(182,268.88)
July			154,040.49		154,040.49
August		**	47,696.84		47,696.84
September		**	(1,087,771.09)		(1,087,771.09)
October			1,113,886.17	2,000.00	1,115,886.17
November			32,269.80		32,269.80
December			7,967.20		7,967.20
	(366,710.00)	0.00	100,273.63	2,000.00	(264,436.37)
Increase to prior period true up which was an over recovery	(107,312.00)				(107,312.00)
Interest					(37,269.00)
					(409,017.37)

** Included in Audit Exception 3