

State of Florida



Public Service Commission

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

DATE: May 22, 2002
TO: Division of Competitive Markets and Enforcement (Brown)
FROM: Division of Auditing and Safety (Vandiver) W
RE: **Docket No.** 020004-GU; St. Joe Natural Gas Company; **Audit Purpose:** Conservation Gas Cost Recovery True-up for the period January 2001 - December 2001; **Audit Control No.** 02-057-1-1

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 the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)
Division of the Commission Clerk and Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

Mr. Stuart L. Shoaf, President
St. Joe Natural Gas Company
P. O. Box 549
Port St. Joe, FL 32456-0549

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY
BUREAU OF AUDITING*

Tallahassee District Office

ST. JOE NATURAL GAS COMPANY, INC.

GAS CONSERVATION COST RECOVERY CLAUSE AUDIT

HISTORICAL YEAR ENDED DECEMBER 31, 2001

DOCKET NO. 020004-GU
AUDIT CONTROL NO. 02-057-1-1

A handwritten signature in cursive script, reading "Edward D. Bass II".

Edward D. Bass II, Audit Manager

A handwritten signature in cursive script, reading "Lynn M. Deamer".

Lynn M. Deamer, Audit Supervisor

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**DIVISION OF AUDITING AND SAFETY
AUDITOR'S REPORT**

May 15, 2002

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Gas Conservation Cost Recovery Clause Schedule CT-3 for the historical 12-month period ended December 31, 2001, for St. Joe Natural Gas Company, Inc. The attached schedule was prepared by the company as part of its support in Docket No. 020004-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 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 compared to the substantiating documentation.

REVENUE: Compiled conservation revenues and determined that the company used the approved gas conservation cost recovery clause factors in accordance with Commission Order No. PSC-00-2392-FOF-EG, issued December 13, 2000. Obtained and recalculated a sample of customer bills for each rate class. Recalculated and traced total conservation revenues to the company's general ledger.

EXPENSE: Compiled and traced all conservation expenses to supporting invoices. Verified that the company's conservation programs are in accordance with Commission Order No. 15301, issued October 10, 1985. Provided a comparison of planned versus installed appliances for the 12-month period ended December 31, 2001.

OTHER: Compiled and recalculated the company's true-up and interest provision. Verified the approved beginning true-up amount. Verified that the correct interest rates were applied to the over/under recovery amounts for the 12-month period ended December 31, 2001.

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2001 THROUGH DECEMBER 2001

CONSERVATION REVENUES	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	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. CONSERV. ADJ REVS	(6,639)	(4,062)	(1,966)	(2,224)	(1,314)	(888)	(1,044)	(1,147)	(1,004)	(1,407)	(1,804)	(1,317)	(24,818)
4. TOTAL REVENUES	(6,639)	(4,062)	(1,966)	(2,224)	(1,314)	(888)	(1,044)	(1,147)	(1,004)	(1,407)	(1,804)	(1,317)	(24,818)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	944	944	944	944	944	944	944	944	944	944	944	944	11,331
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(5,695)	(3,118)	(1,022)	(1,280)	(369)	56	(100)	(203)	(60)	(463)	(860)	(373)	(13,487)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	2,875	3,175	900	2,725	1,525	2,025	1,000	1,075	2,025	2,200	1,075	875	21,475
8. TRUE-UP THIS PERIOD	(2,820)	57	(122)	1,445	1,156	2,081	900	872	1,965	1,737	215	502	7,988
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	47	32	26	23	22	23	24	23	21	18	16	13	289
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	11,331	7,614	6,759	5,719	6,243	6,476	7,636	7,616	7,566	8,608	9,419	8,706	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	(944)	(944)	(944)	(944)	(944)	(944)	(944)	(944)	(944)	(944)	(944)	(944)	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	7,614	6,759	5,719	6,243	6,476	7,636	7,616	7,566	8,608	9,419	8,706	8,277	8,277

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2001 THROUGH DECEMBER 2001

INTEREST PROVISION	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. BEGINNING TRUE-UP	11,331	7,614	6,759	5,719	6,243	6,476	7,636	7,616	7,566	8,608	9,419	8,706	
2. ENDING TRUE-UP BEFORE INTEREST	7,567	6,727	5,692	6,220	6,454	7,614	7,592	7,543	8,587	9,401	8,690	8,264	
3. TOTAL BEGINNING & ENDING TRUE-UP	18,898	14,341	12,451	11,938	12,697	14,090	15,228	15,159	16,153	18,008	18,109	16,970	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	9,449	7,171	6,226	5,969	6,349	7,045	7,614	7,580	8,077	9,004	9,055	8,485	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	6.500%	5.550%	5.150%	5.000%	4.370%	3.940%	3.800%	3.750%	3.470%	2.670%	2.220%	2.040%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.550%	5.150%	5.000%	4.370%	3.940%	3.800%	3.750%	3.470%	2.670%	2.220%	2.040%	1.760%	
7. TOTAL (SUM LINES 5 & 6)	12.050%	10.700%	10.150%	9.370%	8.310%	7.740%	7.550%	7.220%	6.140%	4.890%	4.260%	3.800%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	6.025%	5.350%	5.075%	4.685%	4.155%	3.870%	3.775%	3.610%	3.070%	2.445%	2.130%	1.900%	
9. MONTHLY AVG INTEREST RATE	0.502%	0.446%	0.423%	0.390%	0.346%	0.323%	0.315%	0.301%	0.256%	0.204%	0.178%	0.158%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	47	32	26	23	22	23	24	23	21	18	16	13	289