

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: June 27, 2003
TO: Division of Competitive Markets and Enforcement (Makin, Marshall)
FROM: Division of Auditing and Safety (Vandiver) W
RE: **Docket No.** 030003-GU; **Company Name:** St. Joe Natural Gas Company; **Audit Purpose:** Purchased Gas Cost Recovery True-up for the period January 2002 through December 2002; **Audit Control No.** 03-063-1-1

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

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FLORIDA PUBLIC SERVICE COMMISSION



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY
BUREAU OF AUDITING*


Tallahassee District Office

ST. JOE NATURAL GAS COMPANY, INC.

PURCHASED GAS ADJUSTMENT AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2002

DOCKET NO. 030003-GU
AUDIT CONTROL NO. 03-063-1-1


Barry Davis, Audit Manager



Lynn M. Deamer, Audit Supervisor

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DIVISION OF AUDITING AND SAFETY
AUDITOR'S REPORT

June 17, 2003

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 schedule for the twelve month period ended December 31, 2002, for St. Joe Natural Gas Company, Inc. The attached schedule was prepared by the utility as part of its petition for the purchased gas adjustment true-up in Docket No. 030003-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 FINDINGS

The filed reports of purchased gas adjustment true-up and interest provision for the period January 2002 thru December 2002 are representative of the company's books and records.

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 therms 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-00-2383-FOF-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, 2002. 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, 2002. Recalculated true-up and interest amounts.

COMPANY: ST JOE NATURAL GAS CO		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2			
FOR THE PERIOD OF:		JANUARY 02		Through		DECEMBER 02			
		CURRENT MONTH:		DECEMBER		PERIOD TO DATE			
		ACTUAL	ORIGINAL	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE	
				AMOUNT	%			AMOUNT	%
TRUE-UP CALCULATION									
1	PURCHASED GAS COST LINE 4	\$107,023	\$81,847	(25,176)	-0.31	\$591,037	\$638,421	47,384	0.07
2	TRANSPORTATION COST LINE(1+5+6-(7+8+9))	\$11,064	\$10,625	(440)	-0.04	\$69,917	\$7,948	(61,970)	-7.80
3	TOTAL	\$118,088	\$92,472	(25,616)	-0.28	\$660,954	\$646,368	(14,586)	-0.02
4	FUEL REVENUES (NET OF REVENUE TAX)	\$103,399	\$92,472	(10,927)	-0.12	\$711,746	\$646,368	(65,378)	-0.10
5	TRUE-UP(COLLECTED) OR REFUNDED	(\$3,433)	(\$3,433)	0	0.00	(\$41,200)	(\$41,200)	0	0.00
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	\$99,965	\$89,038	(10,927)	-0.12	\$670,546	\$605,168	(65,378)	-0.11
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(\$18,122)	(\$3,433)	14,689	-4.28	\$9,592	(\$41,200)	(50,792)	1.23
8	INTEREST PROVISION-THIS PERIOD (21)	(\$26)	(\$45)	(19)	0.42	(\$824)	(\$696)	127	-0.18
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	(\$16,568)	(\$41,548)	(24,979)	0.60	(\$81,251)	(\$40,896)	40,355	-0.99
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	\$3,433	\$3,433	0	0.00	\$41,200	\$41,200	0	0.00
10a	FLEX RATE REFUND (if applicable)	\$0	\$0	0	ERR	\$0	\$0	0	ERR
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	(\$31,283)	(\$41,592)	(10,310)	0.25	(\$31,283)	(\$41,592)	(10,310)	0.25
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9)	(16,568)	(41,548)	(24,979)	0.60	* If line 5 is a refund add to line 4 If line 5 is a collection () subtract from line 4			
13	ENDING TRUE-UP BEFORE INTEREST (12+7-5)	(31,257)	(41,548)	(10,291)	0.25				
14	TOTAL (12+13)	(47,825)	(83,095)	(35,270)	0.42				
15	AVERAGE (50% OF 14)	(23,913)	(41,548)	(17,635)	0.42				
16	INTEREST RATE - FIRST DAY OF MONTH	1.30	1.30	0.00	0.00				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	1.29	1.29	0.00	0.00				
18	TOTAL (16+17)	2.59	2.59	0.00	0.00				
19	AVERAGE (50% OF 18)	1.30	1.30	0.00	0.00				
20	MONTHLY AVERAGE (19/12 Months)	0.11	0.11	0.00	0.00				
21	INTEREST PROVISION (15x20)	(28)	(45)	(19)	0.42				