### State of Florida





# Jublic Service Commission -M-E-M-O-R-A-N-D-U-M-

CUERK

DATE: November 7, 2003

TO: Division of Competitive Markets and Enforcement (Makin, Marshall)

FROM: Division of Auditing and Safety (Vandiver)

RE: Docket No. 030952-GU; Company Name: Chesapeake Utilities Corp., Florida

Division; Audit Purpose: Purchased Gas Cost Recovery True-Up for the period November 2002 through September 30, 2003, including Florida Gas Transmission

(FGT) Refund; Audit Control No. 03-261-3-1

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

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### FLORIDA PUBLIC SERVICE COMMISSION

## DIVISION OF AUDITING AND SAFETY BUREAU OF AUDITING

Orlando District Office

# CHESAPEAKE UTILITIES CORPORATION FLORIDA DIVISION

PURCHASED GAS ADJUSTMENT AUDIT

11-MONTH PERIOD ENDED SEPTEMBER 30, 2003

DOCKET NO. 030952-GU AUDIT CONTROL NO. 03-261-3-1

Charleston J. Winston, Audit Manager

Jeffery A. Small, Professional Accountant Specialist

# DIVISION OF AUDITING AND SAFETY AUDITOR'S REPORT

### **OCTOBER 29, 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 11-month period ended September 30, 2003, for Chesapeake Utilities Corporation, Florida Division. This schedule was prepared by the company as part of its petition for purchased gas adjustment true-up in Docket No. 030952-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 the 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.

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

Schedules A-1 and A-2 - Compiled and recomputed sample months for the period November 30, 2002 through September 30, 2003.

Cost of Gas - Verified therms and cost of gas purchased to the company-provided invoices.

**True-Up** - Recomputed the true-up amount for the 11-month period ended September 30, 2003. Verified that the correct interest rates were applied to under or overrecovered amounts for the 11-month ended September 30, 2003.

#### Disclosure No. 1

**Subject:** PGA Interest Provision

Statement of Fact: In the company's PGA filing with the Commission, it did not include any interest for the overrecovery or underrecovery amounts. The true-up amount reported for the 11-month period ended September 30, 2003, was \$256,544.

**Recommendation**: During the audit, the company revised its A-2 Schedules to reflect the interest provision. The revised true-up amount is \$246,255 for the 11-month period ended September 30, 2003. The company should be required to reduce its PGA true-up amount for the 11-month period ended September 30, 2003, by \$10,289 (\$256,544 - \$246,255).

18 TOTAL (16+17) 19 AVERAGE (50% OF 18)

20MONTHLY AVERAGE (19/12 Months) 21 INTEREST PROVISION (15/20)

FL DIV CUC CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE PERIOD OF:

Sept. '03

Through

-0.0212 -0.0106 -0.00088

(212)

0.000% 0.000%

0.000%

0.000%

0.000% 0.000%

0.000%

SCHEDULE A-2
EXHIBIT NO
DOCKET NO. 020003-GU
CHESAPEAKE UTILITIES CORP
JAW-1
PAGE OF \_\_\_\_\_

		CURRENT MONTH:				PERIOD TO DATE			
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE		
			AMOUNT	%		li	AMOUNT	%	
UE-UP CALCULATION						1			
1 PURCHASED GAS COST (A-1 lines 3, 4)	(35,473)	O.	35,473	0.000%	(35,473)	O	35,473	0.0	
2 TRANSPORTATION COST (A-1 lines 1, 2, 5 plus A-1(2) lines 33, 35, 36)	23,794	0	(23,794)	0.000%	23,794	l oi	(23,794)	0.0	
3TOTAL .	(11,679)	0	11,679	0.000%	(11,679)	이	11,679	0.0	
4FUEL REVENUES	` ´ o´	0	0	0.000%	Ò	0	0	0.	
(NET OF REVENUE TAX)		1				l 8			
5 TRUE-UP (COLLECTED) OR REFUNDED		1	0	0.000%	0	0	0	0.0	
6FUEL REVENUE APPLICABLE TO PERIOD *	l o	0	Ō	0.000%	0	0	0	0.	
(LINE 4 (+ or -) LINE 5)						i i	-		
7TRUE-UP PROVISION - THIS PERIOD	11,679	o	(11,679)	0.00%	11,679	ا ه	(11,679)	0.	
(LINE 6 - LINE 3)	1.,575	, i	(11,010)	0.00		ľ	(11,515)		
8INTEREST PROVISION-THIS PERIOD (21)	212	ا ا	(212)	0.000%	212	اه ا	(212)	0.	
9BEGINNING OF PERIOD TRUE-UP AND	234,364	Ĭ	(234,364)			*	(- '- '- '- '- '- '- '- '- '- '- '- '- '-	ō	
INTEREST	204,004		(201,001)	0.00079	1	l i	ĭ	•	
10TRUE-UP COLLECTED OR (REFUNDED)	l 6	0	٥	0.000%	O	اه ا	o l	0.	
(REVERSE OF LINE 5)	ľ	ľ	ľ	0.00070	U	l "I	ĭ	•	
10a Adjustment		۸	۸	0.000%	n	ا ا		0.	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP	246,255	ň	(246,255)		11,891	l ši	(11,891)	ŏ	
(7+8+9+10+10a)	240,255	l ĭ	(270,200)	0.00074	11,001	l "l	(,55.7]	•	
REST PROVISION				<u> </u>			<u></u>		
12BEGINNING TRUE-UP AND	234,364	0	(234,364)	0.000%	* If line 5 is a refund, add to line 4.				
INTEREST PROVISION (9)		_	(,,,				abtract from line 4	١.	
13 ENDING TRUE-UP BEFORE	246,043	0	(246,043)	0.000%					
INTEREST (12+7-5)	1 -1-,-1-	_	(= 10,0 10)						
14TOTAL (12+13)	480,407	o	(480,407)	0.000%					
15AVERAGE (50% OF 14)	240,204	ŏ	(240,204)						
16INTEREST RATE - FIRST	1.060%	ا	-0.0106						
DAY OF MONTH	1.550/5		-0.0100	U.55574					
17INTEREST RATE - FIRST	1.060%		-0.011	0.000%					
DAY OF SUBSEQUENT MONTH	1.0007		-0.0(1	3.00079					
DAT OF OUDDERCENT MOITH									

2.120% 1.060%

0.088%

212