

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: June 30, 2004
TO: Wayne R. Makin, Division of Competitive Markets and Enforcement
FROM: Denise N. Vandiver, Chief, Bureau of Auditing *W*
Division of Regulatory Compliance and Consumer Assistance
RE: **Docket No.** 040003-GU ; **Company Name:** Sebring Gas System, Inc. ;
Audit Purpose: PGA True-up ; **Audit Control No.** 04-043-3-1

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 Regulatory Compliance and Consumer Assistance (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

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DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
BUREAU OF AUDITING*

Orlando District Office


SEBRING GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT AUDIT

12-MONTH PERIOD ENDED DECEMBER 31, 2003

DOCKET NO. 040003-GU

AUDIT CONTROL NO. 04-043-3-1



Charleston J. Winston, Audit Manager



Intesar Terkawi, Professional Accountant

TABLE OF CONTENTS

I. AUDITOR'S REPORT	PAGE
PURPOSE.....	1
DISCLAIM PUBLIC USE.....	1
SUMMARY OF SIGNIFICANT PROCEDURES.....	2
 II. EXHIBIT	
1. CALCULATION OF TRUE-UP AND INTEREST PROVISION SCHEDULE A-2.....	3

**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

JUNE 18, 2004

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 (PGA) schedule for the historical 12-month period ended December 31, 2003, for Sebring Gas System, Inc. The attached schedule was prepared by the company as part of its petition for purchased gas adjustment true-up in Docket No. 040003-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 definition applies when used in this report:

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

Schedules A-1 through A-6 - Compiled and recomputed the company's Schedules A-1 through A-6 for the period January 2003 through December 2003.

PGA Revenues - Traced and recomputed a sample of the therm sales for the above-mentioned period to the company's billing registers, customer bills, and general ledger.

Cost of Gas - Traced therms and cost of gas purchased to the company-provided invoices and company's general ledger.

EXHIBIT

COMPANY: SEBRING GAS SYSTEM, INC.

CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE A-2
(REVISED 6/08/94)

FOR THE PERIOD OF:	JAN 03		Through		DEC 03			
	CURRENT MONTH: DEC 03				PERIOD TO DATE			
	ACTUAL	REVISED	DIFFERENCE		ACTUAL	REVISED	DIFFERENCE	
		ESTIMATE	AMOUNT					%
TRUE-UP CALCULATION								
1 PURCHASED GAS COST (A-1, LINES 1, 4 & 10)	\$38,711	\$34,142	(\$4,569)	(13.38)	\$418,110		(\$111,547)	(36.39)
2 TRANSPORTATION COST(A-1, LINES 2,3,5 & 6)	5,226	5,767	541	9.38	51,583		218	0.42
3 TOTAL (A-1, LINE 11)	43,937	39,909	(4,028)	(10.09)	469,693		(111,329)	(31.07)
4 FUEL REVENUES (A-1, LINE 14) (NET OF REVENUE TAX)	40,063	39,909	(154)	(0.39)	393,367		(35,003)	(9.77)
5 TRUE-UP (COLLECTED) OR REFUNDED	(1,233)	(1,233)	0	0.00	(14,796)	(14,796)	0	0.00
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	38,830	38,676	(154)	(0.40)	378,571	343,568	(35,003)	(10.19)
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(5,107)	(1,233)	3,874	(314.19)	(91,122)	(14,796)	76,326	(515.86)
8 INTEREST PROVISION-THIS PERIOD (21)	(49)	(7)	42	100.00	(366)	(92)	274	100.00
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	(54,971)	(8,376)	46,595	(556.29)	17,798		(26,089)	314.67
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	1,233	1,233	0	0.00	14,796		0	0.00
10a FLEX RATE REFUND (if applicable)	0	0	0	0.00	0		0	0.00
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	(\$58,894)	(\$8,383)	\$50,511	(602.52)	(\$58,894)		\$50,511	(602.54)
INTEREST PROVISION								
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	(\$54,971)	(\$8,376)	\$46,595	(556.292)	* 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)	(58,845)	(8,376)	50,469	(602.542)				
14 TOTAL (12+13)	(113,816)	(16,752)	97,064	(579.417)				
15 AVERAGE (50% OF 14)	(56,908)	(8,376)	48,532	(579.417)				
16 INTEREST RATE - FIRST DAY OF MONTH	1.00000%	1.00000%	0.00000	0.00000				
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	1.06000%	1.06000%	0.00000	0.00000				
18 TOTAL (16+17)	2.0600%	2.06000%	0.00000	0.00000				
19 AVERAGE (50% OF 18)	1.03000%	1.03000%	0.00000	0.00000				
20 MONTHLY AVERAGE (19/12 Months)	0.08583%	0.08583%	0.00000	0.00000				
21 INTEREST PROVISION (15x20)	(\$49)	(\$7)	\$42	(579.4168)				

Docket No. 030003-GTU
 Sebring Gas System, Inc., Exhibit No.
 Page 3 of 10