



ORIGINAL

Public Service Commission

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DATE: July 27, 2005

TO: Shevie Brown, Division of Competitive Markets and Enforcement

FROM: Denise N. Vandiver, Chief, Bureau of Auditing *DNV*
Division of Regulatory Compliance and Consumer Assistance

RE: **Docket No.** 050004-GU; **Company Name:** St. Joe Natural Gas Company;
Audit Purpose: Conservation Gas Cost Recovery Clause; **Audit Control No.:** 05-034-1-1

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 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

- CMP _____
- COM _____
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- SEC 1
- OTH _____

Mr. Stuart L. Shoaf, President
St. Joe Natural Gas Company, Inc.
P. O. Box 549
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FLORIDA PUBLIC SERVICE COMMISSION

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

Orlando District Office

ST. JOE NATURAL GAS COMPANY

GAS CONSERVATION COST RECOVERY CLAUSE

TWELVE MONTHS ENDED DECEMBER 31, 2004

**DOCKET NO. 050004-GU
AUDIT CONTROL NO. 05-034-1-1**

Richard Brown

by a

Richard F. Brown, Audit Manager

Denise Vandiver

Denise N. Vandiver, Chief, Bureau of Auditing

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

APRIL 28, 2005

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have applied the procedures described later in this report to audit the Energy Conservation Cost Recovery (ECCR) schedules for the historical twelve month period ending December 31, 2004 for St. Joe Natural Gas Company. These schedules were prepared by the utility in support of Docket 050004-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 the 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.

REVENUES: Verified that the revenues contained in the company's General Ledger are reflected on Schedule CT-3, page 2 of 3.

Tested a sample of customer bills to verify that the appropriate conservation factors were charged.

TRUE-UP: Recomputed true-up for the period. Verified that the beginning true-up amount and interest rates as stated by the company agreed to the beginning true-up and interest rates approved by the Florida Public Service Commission.

Reconciled monthly true-up amounts, as recorded on Schedule CT-3, page 3 of 3, to the General Ledger.

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2004 THROUGH DECEMBER 2004

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
RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSERV. ADJ REVS	(3,826)	(3,405)	(2,309)	(1,607)	(1,002)	(896)	(791)	(735)	(815)	(660)	(990)	(1,993)	(19,030)
TOTAL REVENUES	(3,826)	(3,405)	(2,309)	(1,607)	(1,002)	(896)	(791)	(735)	(815)	(660)	(990)	(1,993)	(19,030)
PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(469)	(469)	(469)	(469)	(469)	(469)	(469)	(469)	(469)	(469)	(469)	(469)	(5,627)
CONSERVATION REVS APPLICABLE TO THE PERIOD	(4,295)	(3,874)	(2,778)	(2,076)	(1,471)	(1,365)	(1,260)	(1,204)	(1,284)	(1,129)	(1,459)	(2,462)	(24,657)
CONSERVATION EXPS (FROM CT-3, PAGE 1)	4,050	400	1,375	575	2,375	2,850	1,275	1,675	575	350	225	500	16,225
TRUE-UP THIS PERIOD	(245)	(3,474)	(1,403)	(1,501)	904	1,485	15	471	(709)	(779)	(1,234)	(1,962)	(8,432)
INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(5)	(6)	(7)	(8)	(8)	(8)	(8)	(6)	(7)	(9)	(11)	(15)	(99)
TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(5,627)	(5,408)	(8,418)	(9,360)	(10,400)	(9,036)	(7,090)	(6,614)	(5,680)	(5,927)	(6,247)	(7,024)	
PRIOR TRUE-UP COLLECTED/(REFUNDED)	469	469	469	469	469	469	469	469	469	469	469	469	
TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(5,408)	(8,418)	(9,360)	(10,400)	(9,036)	(7,090)	(6,614)	(5,680)	(5,927)	(6,247)	(7,024)	(8,531)	(8,531)