

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-**

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**DATE:** August 8, 2005  
**TO:** Shevie Brown; Division of Competitive Markets and Enforcement  
**FROM:** Denise Vandiver; Bureau Chief of Auditing *DV*  
**RE:** **Docket No. 050004-GU; Company Name:** Chesapeake Utilities Corporation; **Audit Purpose:** Natural Gas Conservation Cost Recovery Clause for 2004; **Audit Control No.:** 05-034-3-1

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

### Attachment

cc: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)  
Division of Commission Clerk and Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Chesapeake Utilities Corporation  
Mr. Thomas A. Geoffroy  
P. O. Box 960  
Winter Haven, FL 33882-0960

Mr. Wayne Schiefelbein  
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**FLORIDA PUBLIC SERVICE COMMISSION**

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

*Orlando District Office*

**CHESAPEAKE UTILITIES CORPORATION  
FLORIDA DIVISION**

**ENERGY CONSERVATION COST RECOVERY AUDIT**

**AS OF DECEMBER 31, 2004**

**DOCKET NO. 050004-GU  
AUDIT CONTROL NO. 05-034-3-1**

A handwritten signature in cursive script, reading "Richard F. Brown".

*Richard F. Brown, Audit Manager*

A handwritten signature in cursive script, reading "Denise Vandiver".

*Denise Vandiver, Chief of Auditing*

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

**JULY 29, 2005**

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

We have applied the procedures described later in this report to audit the accompanying conservation schedule for the 12-month period ended December 31, 2004, for Chesapeake Utilities Corporation. The attached schedule was prepared by the company as part of its petition for Energy Conservation Cost Recovery (ECCR) in Docket No. 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 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.

**Conservation Revenues:** Compiled and traced conservation revenues to the General Ledger. Recalculated a sample of bills to verify that the customers were billed in accordance with the latest approved ECCR rates.

**Conservation Expenses:** Reconciled expenses from each conservation program to the utility's books and records.

**True-Up:** Recalculated the conservation true-up at December 31, 2004.

Exhibit

STATE OF CONNECTICUT  
 DEPARTMENT OF REVENUE  
 Docket No. 050004-CU  
 Exhibit BSB-1  
 Page 6 of 17

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 JANUARY 2006 THROUGH DECEMBER 2004

CONSERVATION REVENUES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	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	(91,513)	(79,855)	(118,072)	(61,478)	(70,559)	(53,568)	(57,152)	(56,100)	(53,438)	(61,430)	(67,109)	(60,651)	(871,949)
4. TOTAL REVENUES	(91,513)	(79,855)	(118,072)	(61,478)	(70,559)	(53,568)	(57,152)	(56,100)	(53,438)	(61,430)	(67,109)	(60,651)	(871,949)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(3,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(26,876)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(93,752)	(82,095)	(120,312)	(63,717)	(72,809)	(55,803)	(59,392)	(58,341)	(55,678)	(63,670)	(69,349)	(62,891)	(897,925)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	74,196	41,950	131,772	108,568	107,718	128,107	94,426	78,920	57,785	77,593	86,833	97,582	1,085,392
8. TRUE-UP THIS PERIOD	(19,617)	(40,144)	11,488	24,858	34,789	72,365	36,937	20,579	2,109	13,623	(2,516)	14,692	167,467
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(31)	(55)	(63)	(48)	(20)	32	103	148	174	211	248	280	991
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(26,876)	(44,284)	(62,244)	(68,606)	(41,562)	(4,553)	70,024	107,404	130,368	134,891	151,264	151,236	1,085,392
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	27,240
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(44,284)	(82,244)	(68,606)	(41,562)	(4,553)	70,024	107,404	130,368	134,891	151,264	151,236	168,458	1,085,392