

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:** May 22, 2006  
**TO:** Shevie B. Brown, Regulatory Analyst III, Division of Competitive Markets & Enforcement  
**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance  
**RE:** **Docket No:** 060004-GU; **Company Name:** St. Joe Natural Gas Company, Inc.  
**Audit Request :** Audit Gas Conservation Filings  
**Audit Control No:** 06-076-1-2

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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.

DNV:sbj  
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)  
Division of Commission Clerk & 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, Inc.  
P.O. Box 549  
Port St. Joe, FL 32457-0549

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE  
BUREAU OF AUDITING

*Tallahassee District Office*

ST. JOE NATURAL GAS COMPANY

NATURAL GAS CONSERVATION COST RECOVERY CLAUSE AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

DOCKET NO. 060004-GU

AUDIT CONTROL NO. 06-076-1-2

*Bob Moore*

*Bob Moore, Staff Auditor*

*Michael Buckley*

*Michael Buckley, Manager*

*Lynn M. Deamer*

*Lynn M. Deamer, Audit Supervisor*

TABLE OF CONTENTS

<b>I.</b>	<b>AUDITOR'S REPORT</b>	<b>PAGE</b>
	PURPOSE.....	1
<b>II.</b>	<b>OBJECTIVES and PROCEDURES.....</b>	<b>2</b>
<b>III.</b>	<b>EXHIBITS</b>	
	TRUE UP (Schedule CT-3, page 2).....	3
	INTEREST PROVISION (Schedule CT-3, page 3) .....	4

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

**May 11, 2006**

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

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Competitive Markets and Enforcement in its audit service request. We have applied these procedures to the attached schedules prepared by St. Joe Natural Gas in support of its filing for Natural Gas Conservation Cost Recovery, Docket 060004-GU.

This audit is performed following general standards and field work standards found in the the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

## **OBJECTIVES and PROCEDURES**

Objective: To review all builder agreements entered into during 2005 and verify incentives offered to builders match the company's conservation programs.

Procedures: Reviewed builder agreements and forms used by both builders and individual customers. Verified that a judgemental sample of 9 completed customer applications for conservation allowances given during year 2005 met requirements to qualify for incentives and such incentives matched company's conservation program. Agreed these applications to the monthly listing of all customers who were awarded allowances.

Objective: To verify that the company has applied the approved Natural Gas Conservation factors to therm sales during the period.

Procedures: Tested 17 customer bills to verify that the billing factors matched FPSC Order No. PSC-04-1179-FOF-GU, issued November 30, 2004.

Objective: To verify the revenues and expenses recorded on schedule CT-3 page one and two match the amounts reported on the company's general ledger.

Procedures: Obtained utility gas conservation allowance forms for year 2005. Agreed allowance expenses to the general ledger account 908, customer assistance and conservation.

Objective: To test conservation true-up reported on total net true-up on Schedule CT-3.

Procedures: Recalculated True-Up and Interest Provision. Traced interest rate to commercial paper rates. Traced True-up to appropriate order.

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR MONTHS: JANUARY 2005 THROUGH DECEMBER 2005

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	(1,394)	(1,251)	(920)	(579)	(454)	(373)	(344)	(310)	(280)	(334)	(426)	(898)	(7,563)
TOTAL REVENUES	(1,394)	(1,251)	(920)	(579)	(454)	(373)	(344)	(310)	(280)	(334)	(426)	(898)	(7,563)
PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(711)	(711)	(711)	(711)	(711)	(711)	(711)	(711)	(711)	(711)	(711)	(711)	(8,531)
CONSERVATION REVS APPLICABLE TO THE PERIOD	(2,105)	(1,962)	(1,631)	(1,290)	(1,165)	(1,084)	(1,055)	(1,021)	(990)	(1,045)	(1,137)	(1,609)	(16,094)
CONSERVATION EXPS (FROM CT-3, PAGE 1)	1,125	2,575	800	700	0	1,025	700	700	875	525	825	1,125	10,975
TRUE-UP THIS PERIOD	(980)	613	(831)	(590)	(1,165)	(59)	(355)	(321)	(115)	(520)	(312)	(484)	(5,119)
INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(17)	(17)	(17)	(18)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(19)	(229)
3. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(8,531)	(8,817)	(7,511)	(7,648)	(7,545)	(8,019)	(7,387)	(7,052)	(6,682)	(6,106)	(5,935)	(5,556)	
1. PRIOR TRUE-UP COLLECTED/(REFUNDED)	711	711	711	711	711	711	711	711	711	711	711	711	
2. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(8,817)	(7,511)	(7,648)	(7,545)	(8,019)	(7,387)	(7,052)	(6,682)	(6,106)	(5,935)	(5,556)	(5,348)	(5,348)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR MONTHS: JANUARY 2005 THROUGH DECEMBER 2005

	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
INTEREST PROVISION													
BEGINNING TRUE-UP	(8,531)	(8,817)	(7,511)	(7,648)	(7,545)	(8,019)	(7,387)	(7,052)	(6,882)	(6,106)	(5,935)	(5,556)	
ENDING TRUE-UP BEFORE INTEREST	(8,800)	(7,493)	(7,631)	(7,527)	(7,999)	(7,367)	(7,031)	(6,662)	(6,086)	(5,916)	(5,536)	(5,329)	
TOTAL BEGINNING & ENDING TRUE-UP	(17,331)	(16,310)	(15,142)	(15,175)	(15,544)	(15,385)	(14,418)	(13,713)	(12,768)	(12,022)	(11,471)	(10,884)	
AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(8,665)	(8,155)	(7,571)	(7,588)	(7,772)	(7,693)	(7,209)	(6,857)	(6,384)	(6,011)	(5,736)	(5,442)	
INTER. RATE - 1ST DAY OF REPORTING MONTH	2.340%	2.500%	2.650%	2.780%	2.980%	3.060%	3.270%	3.430%	3.640%	3.790%	4.030%	4.210%	
INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	2.500%	2.650%	2.780%	2.980%	3.060%	3.270%	3.430%	3.640%	3.790%	4.030%	4.210%	4.300%	
TOTAL (SUM LINES 5 & 6)	4.840%	5.150%	5.430%	5.760%	6.040%	6.330%	6.700%	7.070%	7.430%	7.820%	8.240%	8.510%	
AVG INTEREST RATE (LINE 7 TIMES 50%)	2.420%	2.575%	2.715%	2.880%	3.020%	3.165%	3.350%	3.535%	3.715%	3.910%	4.120%	4.255%	
MONTHLY AVG INTEREST RATE	0.202%	0.215%	0.226%	0.240%	0.252%	0.264%	0.279%	0.295%	0.310%	0.326%	0.343%	0.355%	
INTEREST PROVISION (LINE 4 TIMES LINE 9)	(17)	(17)	(17)	(18)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(19)	(229)

EXHIBIT 2