

State of Florida



**Public Service Commission**  
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

ORIGINAL

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

**DATE:** August 1, 2007

**TO:** Shevie B. Brown, Regulatory Analyst III, Division of Economic Regulation

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

**RE:** Docket No: 070004-GU; Company Name: Florida City Gas;  
Audit Purpose: Energy Conservation Cost Recovery Audit;  
Audit Control No: 07-074-4-1

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 Commission Clerk. 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(2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Mr. Charles A. Rawson, III  
Florida City Gas  
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Rockledge, FL 32955

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FLORIDA PUBLIC SERVICE COMMISSION  
DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE

*Miami District Office*

FLORIDA CITY GAS

CONSERVATION COST RECOVERY CLAUSE

HISTORICAL YEAR ENDED DECEMBER 31, 2006

DOCKET NO. 070004-GU  
AUDIT CONTROL NO. 07-074-4-1

A handwritten signature in cursive script, appearing to read "Kathy L. Welch".

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Kathy L. Welch  
Audit Manager

A handwritten signature in cursive script, appearing to read "Iliana Piedra".

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Iliana Piedra  
Professional Accountant Specialist

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

**July 20, 2007**

**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 Economic Regulation in its audit service request. We have applied these procedures to the attached schedules, prepared by Florida City Gas, in support of its filing for conservation docket 070004-GU.

This audit is performed following general standards and field work standards found in 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:** The objective of the audit was to reconcile the schedules to each other and to the general ledger.

**Procedures:** We prepared a trial balance using the general ledger and reconciled all conservation accounts to the filing.

**Objective:** The objective was to verify that the true-up was calculated correctly.

**Procedures:** We agreed the beginning true-up provision to the last order and workpapers. We prepared a recalculation using the filing and Commission approved interest rates.

**Objective:** The objective of the audit was to determine that the company has applied the approved conservation cost recovery factors to actual therm sales and properly calculated revenues.

**Procedures:** Florida City Gas does not record conservation revenues as a separate line item on the bill. It is included in the energy charges on the bill. Therefore, we determined that the conservation rate included in the energy charge rate agreed with the last conservation order. We then verified that the therms used to calculate the conservation revenues agreed to the company "332 Billing Reports". Since the company has some billing cycles that do not get billed by the end of the month, the accruals were verified. A random selection of bills from various rate codes were selected and used to verify that the ordered rate was used. Audit finding four discusses the company's application of billing rates.

**Objective:** The objective of the audit was to determine that the actual energy conservation program expenses filed by the company agree with source documentation and meet the requirements of the programs.

**Procedures:** We reconciled the filing to the general ledger detail. We randomly selected the vouchers recorded in the general ledger and traced them to source documentation. Audit finding one discusses the invoice that was partially charged to the wrong account. Audit finding three discusses the consulting services charged to program three.

We reviewed the advertising copy for compliance with rule 25-17.015(5).

We verified that the incentives paid by voucher met the program guidelines.

We reconciled all months of payroll to the program reports and sampled some entries. These were traced to the payroll of individual employees whose duties were reviewed to verify that they work on conservation programs. Audit finding two discusses the payroll error found in July. Benefits were recalculated.

**AUDIT FINDING NO. 1**

**SUBJECT: VOUCHERS NOT MEETING PROGRAM GUIDELINES**

**AUDIT ANALYSIS:** An invoice for incentives was paid to B & R Plumbing on October 29<sup>th</sup>, 2006 for \$14,970. This amount was charged to account 611013-Program 1 Costs. Only \$5,600 of these costs related to conservation programs. The invoice itself showed that \$9,370 was to be charged to deferred piping account 166056. The invoice agreed with the coding shown on the invoice. However, the utility booked the entire \$14,970 to program one. The \$9,370 should be removed from program one costs and transferred to deferred piping. The schedule calculating interest of \$107 follows on the next page.

**EFFECT ON GENERAL LEDGER:** Since the 2006 books are already closed, the \$9,370 should be removed from the true-up balance and debited to deferred piping account 166056.

**EFFECT ON FILING:** The ending period true-up over-recovery should be increased by \$9,370 plus interest of \$107. The total increase is \$9,477.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Beginning	4.30%	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	
Ending	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	5.27%	
Total	8.81%	9.04%	9.31%	9.74%	9.97%	10.30%	10.65%	10.63%	10.53%	10.53%	10.52%	10.52%	
Average	4.41%	4.52%	4.66%	4.87%	4.99%	5.15%	5.33%	5.32%	5.27%	5.27%	5.26%	5.26%	
Monthly Average	0.37%	0.38%	0.39%	0.41%	0.42%	0.43%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	

#### CALCULATION OF TRUE-UP

Total Revenues-net of tax,	(203,682)	(192,924)	(198,366)	(156,733)	(149,223)	(147,223)	(137,317)	(133,182)	(133,149)	(138,125)	(152,150)	(177,355)	(1,919,429)
Prior True-up	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(1,196,749)
Total revenue to current period	(303,411)	(292,653)	(298,095)	(256,462)	(248,952)	(246,952)	(237,046)	(232,911)	(232,878)	(237,854)	(251,879)	(277,084)	(3,116,178)
Conservation Expenses	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	177,966	145,768	123,919	200,311	2,176,960
Finding I										(9,370)			(9,370)
Adjusted Conservation Exp.	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	177,966	136,398	123,919	200,311	2,167,590
True-up this period	(172,582)	(111,096)	(63,009)	(31,568)	15,682	(92,693)	(3,130)	(129,090)	(54,912)	(101,456)	(127,960)	(76,773)	(948,588)
Interest provision	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,588)	(4,451)	(4,395)	(4,319)	(4,400)	(4,431)	(55,201)
True-up & interest beginning	(1,196,749)	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(989,683)	(1,022,314)	(1,196,749)
Prior true-up coll. refunded	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	1,196,749
Total net true-up	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(989,683)	(1,022,314)	(1,003,789)	(1,003,789)
True-up company filing	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(980,292)	(1,012,882)	(994,312)	(994,312)
Difference	0	0	0	0	0	0	0	0	0	(9,391)	(9,432)	(9,477)	(9,477)

#### CALCULATION OF INTEREST

Beginning true up and int.	(1,196,749)	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(989,683)	(1,022,314)	(13,391,914)
Ending true-up before int	(1,269,602)	(1,285,496)	(1,253,596)	(1,190,370)	(1,079,928)	(1,077,618)	(985,659)	(1,019,608)	(979,242)	(985,363)	(1,017,914)	(999,358)	(13,143,753)
Total	(2,466,351)	(2,559,625)	(2,543,913)	(2,448,900)	(2,275,267)	(2,162,271)	(2,067,916)	(2,009,854)	(2,003,300)	(1,969,000)	(2,007,597)	(2,021,672)	(26,535,666)
Average true up	(1,233,176)	(1,279,812)	(1,271,956)	(1,224,450)	(1,137,633)	(1,081,136)	(1,033,958)	(1,004,927)	(1,001,650)	(984,500)	(1,003,798)	(1,010,836)	(13,267,833)
Interest rate per above	0.3671%	0.3767%	0.3879%	0.4058%	0.4154%	0.4292%	0.4438%	0.4429%	0.4388%	0.4388%	0.4383%	0.4383%	
Interest per staff	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,588)	(4,451)	(4,395)	(4,319)	(4,400)	(4,431)	(55,201)
Interest company filing	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,588)	(4,451)	(4,395)	(4,299)	(4,359)	(4,385)	(55,094)
Difference	0	0	0	0	0	0	0	0	0	(20)	(41)	(46)	(107)

**AUDIT FINDING NO. 2**

**SUBJECT: PAYROLL ERRORS**

**AUDIT ANALYSIS:** Account 611002 -Payroll for Program 3 for July for department 357 in the general ledger was \$6,815.65. The supporting documentation by employee shows the payroll for that department was \$3,536.29. Based on the supporting documentation, payroll in program 3 was overstated by \$3,279.36. Benefits were computed at 44.23% of payroll or \$145. The total overstatement before interest is 3,424.36. Interest of \$88 is computed on the following page. The effect on the true-up with interest is \$3,512.36. The utility is trying to determine why there is a difference.

**EFFECT ON GENERAL LEDGER:** Since the 2006 books are already closed, the \$3,512.36 should be removed from the true-up balance.

**EFFECT ON FILING:** The over-recovery should be increased by \$3,512.36.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Beginning	4.30%	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	
Ending	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	5.27%	
Total	8.81%	9.04%	9.31%	9.74%	9.97%	10.30%	10.65%	10.63%	10.53%	10.53%	10.52%	10.52%	
Average	4.41%	4.52%	4.66%	4.87%	4.99%	5.15%	5.33%	5.32%	5.27%	5.27%	5.26%	5.26%	
Monthly Average	0.37%	0.38%	0.39%	0.41%	0.42%	0.43%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	

#### CALCULATION OF TRUE-UP

Total Revenues-net of tax,	(203,682)	(192,924)	(198,366)	(156,733)	(149,223)	(147,223)	(137,317)	(133,182)	(133,149)	(138,125)	(152,150)	(177,355)	(1,919,429)
Prior True-up	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(1,196,749)
Total revenue to current period	(303,411)	(292,653)	(298,095)	(256,462)	(248,952)	(246,952)	(237,046)	(232,911)	(232,878)	(237,854)	(251,879)	(277,084)	(3,116,178)
Conservation Expenses	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	177,966	145,768	123,919	200,311	2,176,960
Finding 2							-3,424						-3,424
Adjusted Conservation Exp.	130,829	181,557	235,086	224,894	264,634	154,259	230,492	103,821	177,966	145,768	123,919	200,311	2,173,536
True-up this period	(172,582)	(111,096)	(63,009)	(31,568)	15,682	(92,693)	(6,554)	(129,090)	(54,912)	(92,086)	(127,960)	(76,773)	(942,642)
Interest provision	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,596)	(4,466)	(4,410)	(4,314)	(4,374)	(4,405)	(55,181)
True-up & interest beginning	(1,196,749)	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(993,679)	(1,027,506)	(987,099)	(983,770)	(1,016,375)	(1,196,749)
Prior true-up coll. refunded	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	1,196,749
Total net true-up	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(993,679)	(1,027,506)	(987,099)	(983,770)	(1,016,375)	(997,824)	(997,824)
True-up for the month CO. FILI	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(980,292)	(1,012,882)	(994,312)	(994,312)
Difference	0	0	0	0	0	0	(3,432)	(3,447)	(3,463)	(3,478)	(3,493)	(3,512)	(3,512)

#### CALCULATION OF INTEREST

Beginning true up and int.	(1,196,749)	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(993,679)	(1,027,506)	(987,099)	(983,770)	(1,016,375)	(13,390,403)
Ending true-up before int	(1,269,602)	(1,285,496)	(1,253,596)	(1,190,370)	(1,079,928)	(1,077,618)	(989,083)	(1,023,040)	(982,689)	(979,456)	(1,012,001)	(993,419)	(13,136,296)
Total	(2,466,351)	(2,559,625)	(2,543,913)	(2,448,900)	(2,275,267)	(2,162,271)	(2,071,340)	(2,016,718)	(2,010,195)	(1,966,555)	(1,995,771)	(2,009,794)	(26,526,699)
Average true up	(1,233,176)	(1,279,812)	(1,271,956)	(1,224,450)	(1,137,633)	(1,081,136)	(1,035,670)	(1,008,359)	(1,005,097)	(983,277)	(997,885)	(1,004,897)	(13,263,350)
Interest rate per above	0.3671%	0.3767%	0.3879%	0.4058%	0.4154%	0.4292%	0.4438%	0.4429%	0.4388%	0.4388%	0.4383%	0.4383%	
Interest per staff	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,596)	(4,466)	(4,410)	(4,314)	(4,374)	(4,405)	(55,181)
Interest company filing	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,588)	(4,451)	(4,395)	(4,299)	(4,359)	(4,385)	(55,094)
Difference	0	0	0	0	0	0	(8)	(15)	(15)	(15)	(15)	(20)	(88)

**AUDIT FINDING NO. 3**

**SUBJECT: ORTIZ CONSULTING**

**AUDIT ANALYSIS:** The utility paid Ortiz Consulting \$116,175 in 2006 and charged it to Program 3-Account 611020. Ortiz is paid \$125 for every customer it solicits if they sign up and hookup appliances. The program description for Program 3 does not provide for these commissions and the customers connected get the rebates specified in the program description for program 3. The utility considers the commissions contract labor and believe they should be included the same way payroll is included. As reported in previous audits, Ortiz has been paid in prior years but the costs were charged to common costs and were not for material amounts. In 2005, \$13,125 was paid to Ortiz. This year the company charged the charges to Energy Conservation Program 3 and the amount is significantly higher than other years. Although this door to door solicitation increases gas customers, these costs do not meet the program guidelines. If the costs are allowed, they should be recorded as common costs.

**EFFECT ON GENERAL LEDGER:** This finding is for informational purposes only.

**EFFECT ON FILING:** This finding is for informational purposes only.

**AUDIT FINDING NO. 4**

**SUBJECT: BILLING RATES**

**AUDIT ANALYSIS:** Several bills were tested to determine if the utility used the rates specified in their monthly rate schedules. Some of the bills were found to be billed at the prior month's rate and BTU conversion factor, mainly in July. The prior month was billed at the correct rate as was the month after. An example follows for a bill in rate code 814-830 –Commercial and Industrial 1.2:

MONTH	TOTAL OF ALL CONSUMPTION RATES PER RATE SCHEDULES	RATE PER BILL	
JANUARY	1.77741	1.77741	
FEBRUARY	1.59524	1.59524	
MARCH	1.44524	1.44524	
APRIL	1.44524	1.44524	
MAY	1.44524	1.44524	
JUNE	1.27524	1.27524	
JULY	1.20524	1.27524	JUNE RATE AND CONVERSION FACTOR USED
AUGUST	1.20524	1.20524	
SEPTEMBER	1.20524	1.20524	AUG RATE AND CONVERSION FACTOR USED
OCTOBER	1.14524	1.14524	
NOVEMBER	1.14524	1.14524	
DECEMBER	1.25524	1.25524	

The rates are under the cap specified in the last purchased gas adjustment order. The revenues in the clause are correct because they reflect what was billed to the customers. However, all customers should be billed the same rates each month. If some billing cycles are not billed each monthly code, then customers are not billed consistently with the other customers. Several bills tested in July used the June rates.

The utility changed its customer billing system in February 2007. As a result of this change, the detailed information such as account notes, itemized transactions and adjustments are not available to determine if bills rendered included prior months adjusted consumption or if the bill rendered is a re-bill from the prior month. The utility representatives believe these differences are caused by adjustments. However, all twelve months were reviewed for each customer and the June bills did not appear to be for prior month's usage.

The utility needs to change rates for each billing cycle monthly to make sure that each customer is billed the same rates each months as all of the other customers.

**EFFECT ON THE LEDGER:** There is no effect on the ledger. The utility needs to bill consistent rates in the future.

**EFFECT ON THE FILING:** The filing is not affected because the actual billed revenues were included using the billing registers.

**EXHIBITS**

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
SUMMARY OF EXPENSES BY MONTH  
JANUARY 2006 THROUGH DECEMBER 2006

EXPENSES:	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
PROGRAM 1:	70,082	92,165	131,493	146,877	158,675	57,656	27,207	64,448	72,794	63,744	43,552	32,964	961,657
PROGRAM 2:	-	7,200	381	381	-	46	51,300	-	-	-	-	-	59,308
PROGRAM 3:	31,568	59,646	50,411	62,908	71,893	60,460	132,664	23,180	60,495	78,144	58,600	115,348	805,317
PROGRAM 4:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 5:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 6:	-	125	100	-	175	2,535	50	-	75	(2,535)	-	-	525
PROGRAM 7:	4,137	515	3,104	2,000	850	838	400	900	850	2,850	800	5,516	22,760
PROGRAM 8:	11,996	10,565	-	-	2,250	1,190	-	250	-	-	-	(8,583)	17,668
PROGRAM 9:	4,672	6,135	22,582	9,839	25,332	25,117	19,039	12,120	24,502	21,952	17,370	45,552	234,212
PROGRAM 10:	1,347	1,655	2,175	775	1,868	2,273	1,644	1,891	1,151	1,480	1,233	2,221	19,713
COMMON COSTS	7,027	3,551	24,840	2,114	3,591	4,144	1,612	1,032	18,099	(19,867)	2,364	7,293	55,800
TOTAL	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	177,966	145,768	123,919	200,311	2,176,960
LESS: 2005 Audit Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
RECOVERABLE CONSERVATION EXPENSES	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	177,966	145,768	123,919	200,311	2,176,960

SCHEDULE CT-2  
PROJECTED CONSERVATION COSTS PER MONTH  
JANUARY 2006 THROUGH DECEMBER 2006  
EIGHT MONTHS ACTUAL AND FOUR MONTHS ESTIMATED

EXPENSES:	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
PROGRAM 1:	70,082	92,165	131,493	146,877	158,675	57,656	27,207	64,448	171,703	170,385	171,179	171,972	1,433,842
PROGRAM 2:	-	7,200	381	381	-	46	51,300	-	5,173	5,018	5,112	5,205	79,816
PROGRAM 3:	31,568	59,646	48,293	44,817	59,161	43,252	118,749	23,180	29,814	28,871	29,510	30,150	547,011
PROGRAM 4:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 5:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 6:	-	125	100	-	175	-	50	-	485	451	471	493	2,350
PROGRAM 7:	4,137	515	3,104	2,000	850	838	400	900	14,800	14,407	14,657	14,906	71,514
PROGRAM 8:	11,996	10,565	-	-	2,250	1,190	-	250	2,458	2,325	2,405	2,485	35,924
PROGRAM 9:	4,672	6,135	22,582	9,839	25,332	25,117	19,039	12,120	29,081	26,630	27,736	29,543	237,826
PROGRAM 10:	1,347	1,655	2,175	775	1,868	2,273	1,644	1,891	11,544	1,258	1,315	2,573	30,318
COMMON COSTS	7,027	3,551	26,958	20,205	16,323	23,887	15,527	1,032	20,837	20,664	20,768	20,871	197,650
TOTAL	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	285,895	270,009	273,153	278,198	2,636,251
LESS AMOUNT INCLUDED IN RATE BASE	-	-	-	-	-	-	-	-	-	-	-	-	-
RECOVERABLE													
CONSERVATION EXPENSES	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	285,895	270,009	273,153	278,198	2,636,251

SCHEDULE CT-2  
SUMMARY OF EXPENSES BY PROGRAM  
VARIANCE ACTUAL VERSUS PROJECTED  
JANUARY 2006 THROUGH DECEMBER 2006

EXPENSES:	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
PROGRAM 1:	-	-	-	-	-	-	-	-	(98,909)	(106,641)	(127,627)	(139,008)	(472,185)
PROGRAM 2:	-	-	-	-	-	-	-	-	(5,173)	(5,018)	(5,112)	(5,205)	(20,508)
PROGRAM 3:	-	-	2,118	18,091	12,732	17,208	13,915	-	30,681	49,273	29,090	85,198	258,306
PROGRAM 4:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 5:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 6:	-	-	-	-	-	2,535	-	-	(410)	(2,986)	(471)	(493)	(1,825)
PROGRAM 7:	-	-	-	-	-	-	-	-	(13,950)	(11,557)	(13,857)	(9,390)	(48,754)
PROGRAM 8:	-	-	-	-	-	-	-	-	(2,458)	(2,325)	(2,405)	(11,068)	(18,256)
PROGRAM 9:	-	-	-	-	-	-	-	-	(4,579)	(4,678)	(10,366)	16,009	(3,614)
PROGRAM 10:	-	-	-	-	-	-	-	-	(10,393)	222	(82)	(352)	(10,605)
COMMON COSTS	-	-	(2,118)	(18,091)	(12,732)	(19,743)	(13,915)	-	(2,738)	(40,531)	(18,404)	(13,578)	(141,850)
TOTAL	-	-	-	-	-	-	-	-	(107,929)	(124,241)	(149,234)	(77,887)	(459,291)
LESS: 2005 Audit Adjustments:	-	-	-	-	-	-	-	-	-	-	-	-	-
RECOVERABLE CONSERVATION EXPENSES	-	-	-	-	-	-	-	-	(107,929)	(124,241)	(149,234)	(77,887)	(459,291)

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

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
1 RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
2 OTHER PROGRAM REVS	-	-	-	-	-	-	-	-	-	-	-	-	-
3 CONSERV. ADJ REVS	(203,682)	(192,924)	(198,366)	(156,733)	(149,223)	(147,223)	(137,317)	(133,182)	(133,149)	(138,125)	(152,150)	(177,355)	(1,919,429)
4 TOTAL REVENUES	(203,682)	(192,924)	(198,366)	(156,733)	(149,223)	(147,223)	(137,317)	(133,182)	(133,149)	(138,125)	(152,150)	(177,355)	(1,919,429)
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,729)	(99,730)	(1,196,749)
6 CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(303,411)	(292,653)	(298,095)	(256,462)	(248,952)	(246,952)	(237,046)	(232,911)	(232,878)	(237,854)	(251,879)	(277,085)	(3,116,178)
7 CONSERVATION EXPENSES (FROM CT-3, PAGE 1)	130,829	181,557	235,086	224,894	264,634	154,259	233,916	103,821	177,966	145,768	123,919	200,311	2,176,960
8 TRUE-UP THIS PERIOD	(172,582)	(111,096)	(63,009)	(31,568)	15,682	(92,693)	(3,130)	(129,090)	(54,912)	(92,086)	(127,960)	(76,774)	(939,218)
9 INTEREST PROVISION THIS PERIOD (FROM CT-3 PAGE 3)	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,588)	(4,451)	(4,395)	(4,299)	(4,359)	(4,385)	(55,094)
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(1,196,749)	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(980,292)	(1,012,882)	
11 PRIOR PERIOD TRUE UP													
COLLECTED/(REFUNDED)	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,729	99,730	
12 TOTAL NET TRUE UP (SUM LINES 8+9+10+11)	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(980,292)	(1,012,882)	(994,312)	(994,312)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2006 THROUGH DECEMBER 2006

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
1. INTEREST PROVISION BEGINNING TRUE-UP	(1,196,749)	(1,274,129)	(1,290,316)	(1,258,531)	(1,195,339)	(1,084,654)	(1,082,258)	(990,247)	(1,024,059)	(983,636)	(980,292)	(1,012,882)	
2. ENDING TRUE-UP BEFORE INTEREST	(1,269,602)	(1,285,496)	(1,253,596)	(1,190,370)	(1,079,928)	(1,077,618)	(985,659)	(1,019,608)	(979,242)	(975,993)	(1,008,523)	(989,926)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(2,466,351)	(2,559,625)	(2,543,913)	(2,448,900)	(2,275,267)	(2,162,271)	(2,067,916)	(2,009,854)	(2,003,300)	(1,959,630)	(1,988,816)	(2,002,808)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(1,233,176)	(1,279,812)	(1,271,956)	(1,224,450)	(1,137,633)	(1,081,136)	(1,033,958)	(1,004,927)	(1,001,650)	(979,815)	(994,408)	(1,001,404)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	4.300%	4.510%	4.530%	4.780%	4.960%	5.010%	5.290%	5.360%	5.270%	5.260%	5.270%	5.250%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	4.510%	4.530%	4.780%	4.960%	5.010%	5.290%	5.360%	5.270%	5.260%	5.270%	5.250%	5.260%	
7. TOTAL (SUM LINES 5 & 6)	8.810%	9.040%	9.310%	9.740%	9.970%	10.300%	10.650%	10.630%	10.530%	10.530%	10.520%	10.510%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	4.405%	4.520%	4.655%	4.870%	4.985%	5.150%	5.325%	5.315%	5.265%	5.265%	5.260%	5.255%	
9. MONTHLY AVG INTEREST RATE	0.367%	0.377%	0.388%	0.406%	0.415%	0.429%	0.444%	0.443%	0.439%	0.439%	0.438%	0.438%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(4,527)	(4,821)	(4,934)	(4,969)	(4,726)	(4,640)	(4,588)	(4,451)	(4,395)	(4,299)	(4,359)	(4,385)	(55,094)
10. a. INT. ADJ													