

State of Florida



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## Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** May 11, 2009  
**TO:** Daniel Q. Lee, Engineering Specialist IV, Division of Economic Regulation  
**FROM:** Dale N. Mailhot, Assistant Director, Division of Regulatory Compliance *DM*  
**RE:** Docket No: 090003-GU; Company Name: St. Joe Natural Gas Company;  
Audit Purpose: Purchased Gas Adjustment; Company Code: GU610;  
Audit Control No: 09-041-1-2;

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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 a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

DNM/tbm

Attachment: Audit Report

CC: Division of Regulatory Compliance (Salak, Mailhot, Harvey,  
District Offices, File Folder)  
Office of Commission Clerk (2)  
General Counsel  
Office of Public Counsel

Mr. Stuart L. Shoaf  
St. Joe Natural Gas Company  
Post Office Box 549  
Port St. Joe, FL 32457-0549

DOCUMENT NUMBER-DATE

04575 MAY 12 8

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STATE OF FLORIDA



FLORIDA PUBLIC SERVICE COMMISSION  
DIVISION OF REGULATORY COMPLIANCE  
BUREAU OF AUDITING

Tallahassee District Office

ST. JOE NATURAL GAS COMPANY

PURCHASED GAS ADJUSTMENT AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2008

DOCKET NO. 090003-GU  
AUDIT CONTROL NO. 09-041-1-2

*V. Hymavathi*

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*Hymavathi Vedula, Audit Staff*

*Lynn M. Deamer*

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*Lynn M. Deamer, District Audit Supervisor*

DOCUMENT NUMBER-DATE

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**DIVISION OF REGULATORY COMPLIANCE  
AUDITOR'S REPORT**

**May 15, 2009**

TO: FLORIDA PUBLIC SERVICE COMMISSION

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 St. Joe Natural Gas Company in support of its filing for Purchased Gas Adjustment, Docket No. 090003-GU.

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

## I. OBJECTIVES AND PROCEDURES

### REVENUES

**Objective:** To determine if the amounts reported as purchased gas revenue and the billing factors applied are supported by the Company's books and records for the period of January 2008 – December 2008.

**Procedures:** Auditor recalculated and scheduled PGA therm sales revenue using approved PGA factors. Calculated PGA factors expanded for tax. Ensured that the Company's PGA factors did not exceed the authorized gas recovery cap ordered in FPSC Order No. PSC-07-0934-FOF-GU, issued November 26, 2007. Traced total therms to company's billing register and customer invoices. Traced revenue amounts to the general ledger.

### EXPENSES

**Objective:** To determine if the amounts reported as purchased gas costs and transportation costs are supported by the company's books and records for the period of January 2008 – December 2008.

**Procedures:** Auditor recalculated and scheduled PGA gas and transportation costs. Traced handbills and supporting documents to the general ledger. Traced PGA gas and transportation costs reported in the Company's filing to general ledger.

### TRUE-UP

**Objective:** To determine if the PGA true-up and interest provision amounts reported are supported by the Company's books and records for the period of January 2008 – December 2008.

**Procedures:** Auditor recalculated and scheduled PGA true-up and interest provision for the period January 2008 – December 2008. Verified beginning and ending true-up balances on company's schedule A-2. Insured proper 30 day commercial paper rate was used in determining true-up amount. Traced PGA true-up and interest amounts to the general ledger.

II. EXHIBITS

EXHIBIT NO. 1 - COMPANY FILED SCHEDULE A-2

COMPANY: ST JOE NATURAL GAS CO      CALCULATION OF TRUE-UP AND INTEREST PROVISION      SCHEDULE A-2									
FOR THE PERIOD OF:      JANUARY 2008      Through      DECEMBER 2008									
	CURRENT MONTH:				PERIOD TO DATE				
	ACTUAL	ORIGINAL	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
<b>TRUE-UP CALCULATION</b>									
1 PURCHASED GAS COST      LINE 4	\$92,706	\$99,779	7,074	0.07	\$963,658	\$943,588	-20,071	-0.02	
2 TRANSPORTATION COST      LINE(1+5+6-(7+8+9))	\$14,093	\$38,033	23,939	0.63	\$139,624	-\$16,399	-156,023	9.51	
3 TOTAL	\$106,799	\$137,812	31,013	0.23	\$1,103,283	\$927,189	-176,094	-0.19	
4 FUEL REVENUES (NET OF REVENUE TAX)	\$119,507	\$137,812	18,305	0.13	\$1,015,317	\$927,189	-88,128	-0.10	
5 TRUE-UP(COLLECTED) OR REFUNDED	\$10,973	\$10,973	0	0.00	\$131,677	\$131,677	0	0.00	
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	\$130,480	\$148,785	18,305	0.12	\$1,146,994	\$1,058,868	-88,128	-0.08	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	\$23,681	\$10,973	12,708	-1.16	\$43,711	\$131,677	87,966	0.67	
8 INTEREST PROVISION-THIS PERIOD (21)	\$44	-\$50	-93	1.87	\$2,719	-\$1,624	-4,343	2.67	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	\$46,091	-\$58,926	-104,017	1.77	\$143,089	-\$57,351	-200,440	3.49	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	-\$10,973	-\$10,973	0	0.00	-\$131,677	-\$131,677	0	0.00	
10a FLEX RATE REFUND (if applicable)	\$0	\$0	0	#DIV/0!	\$0	\$0	0	#DIV/0!	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9-10+10a)	\$57,842	-\$58,975	-116,818	1.98	\$57,842	-\$58,975	-116,818	1.98	
<b>INTEREST PROVISION</b>									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	45,091	-\$58,926	-104,017	1.77					* If line 6 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)	57,799	-\$58,926	-116,725	1.98					
14 TOTAL (12+13)	102,890	-117,851	-220,741	1.87					
15 AVERAGE (50% OF 14)	51,445	-\$58,926	-110,371	1.87					
16 INTEREST RATE - FIRST DAY OF MONTH	1.49	1.49	0.00	0.00					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.54	0.54	0.00	0.00					
18 TOTAL (16+17)	2.03	2.03	0.00	0.00					
19 AVERAGE (50% OF 18)	1.02	1.02	0.00	0.00					
20 MONTHLY AVERAGE (19/12 Months)	0.08	0.08	0.00	0.00					
21 INTEREST PROVISION (15x20)	44	-50	-93	1.87					