



# 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-

**DATE:** June 14, 2010

**TO:** Daniel Lee, Engineering Specialist IV, Division of Economic Regulation

**FROM:** Clarence Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis CP

**RE:** Docket No.: 100003-GU  
 Company Name: St. Joe Natural Gas Company  
 Company Code: GU610  
 Audit Purpose: Purchased Gas Cost Recovery Clause  
 Audit Control No: 10-008-1-1

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

CP/ip  
 Attachment: Audit Report

cc: (With Attachment)  
 Office of Auditing and Performance Analysis (Mailhot, File Folder)  
 Office of Commission Clerk  
 Office of the General Counsel

(Without Attachment)  
 Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

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FLORIDA PUBLIC SERVICE COMMISSION  
OFFICE OF AUDITING AND PERFORMANCE ANALYSIS  
BUREAU OF AUDITING

Tallahassee District Office

ST. JOE NATURAL GAS COMPANY

PURCHASED GAS ADJUSTMENT AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2009

DOCKET NO. 100003-GU  
AUDIT CONTROL NO. 10-008-1-1

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*Hymavathi Vedula, Audit Manager*

Handwritten signature of Lynn M. Deamer in black ink.

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*Lynn M. Deamer, District Audit Supervisor*

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**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS  
AUDITOR'S REPORT**

**June 08, 2010**

**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 (PGA), Docket No. 100003-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 are supported by the Company's books and records for the period of January 2009 – December 2009 and to determine that the correct PGA factor is used in calculating customer bills.

**Procedures:** - We recalculated sales revenue using approved PGA factors. We traced total therms from Schedule A-2 to the Company's billing register and primary customer invoices. We traced revenue amounts from Schedule A-2 to the general ledger. We tested the customer bills to verify correct PGA factor used. No exceptions were noted.

### **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 2009 – December 2009.

**Procedures:** - We recalculated PGA gas and transportation costs. We traced PGA gas and transportation costs as reported in the Company's filing Schedule A-2 to the general ledger and to supporting documents. No exceptions were noted.

### **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 2009 – December 2009.

**Procedures:** - We recalculated the PGA true-up and interest provision for the period January 2009 – December 2009. We traced beginning and ending true-up balances on the Company's Schedule A-2 to the applicable order. We verified that the current 30 day commercial paper rate was used in determining interest. We traced PGA true-up and interest amounts to the general ledger. No exceptions were noted.

COMPANY: ST JOE NATURAL GAS CO

CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE A-2

FOR THE PERIOD OF: JANUARY 2009 Through DECEMBER 2009

	CURRENT MONTH:		DECEMBER		PERIOD TO DATE				
	ACTUAL	ORIGINAL	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
<b>TRUE-UP CALCULATION</b>									
1 PURCHASED GAS COST LINE 4	\$85,154	\$60,140	-25,014	-0.42	\$571,053	\$520,363	-50,690	-0.10	
2 TRANSPORTATION COST LINE(1+5+6-(7+8+9))	\$13,598	\$8,242	-5,355	-0.65	\$132,002	\$136,843	4,840	0.04	
3 TOTAL	\$98,752	\$68,382	-30,369	-0.44	\$703,055	\$657,206	-45,850	-0.07	
4 FUEL REVENUES (NET OF REVENUE TAX)	\$53,528	\$68,382	14,854	0.22	\$752,289	\$657,206	-95,083	-0.14	
5 TRUE-UP(COLLECTED) OR REFUNDED	\$1,711	\$1,711	0	0.00	\$20,527	\$20,527	0	0.00	
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	\$55,239	\$70,093	14,854	0.21	\$772,816	\$677,733	-95,083	-0.14	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	-\$43,513	\$1,711	45,223	26.44	\$69,761	\$20,527	-49,234	-2.40	
8 INTEREST PROVISION-THIS PERIOD (21)	\$22	-\$10	-32	3.20	\$415	-\$233	-648	2.78	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	\$152,692	-\$59,198	-211,890	3.58	\$57,842	-\$58,975	-116,817	1.98	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	-\$1,711	-\$1,711	0	0.00	-\$20,527	-\$20,527	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)	\$107,490	-\$59,208	-166,698	2.82	\$107,490	-\$59,208	-166,698	2.82	
<b>INTEREST PROVISION</b>									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	152,692	-\$59,198	-211,890	3.58	* 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)	107,469	-\$9,198	-168,667	2.82					
14 TOTAL (12+13)	260,160	-118,396	-378,556	3.20					
15 AVERAGE (50% OF 14)	130,080	-\$9,198	-189,278	3.20					
16 INTEREST RATE - FIRST DAY OF MONTH	0.20	0.20	0.00	0.00					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.20	0.20	0.00	0.00					
18 TOTAL (16+17)	0.40	0.40	0.00	0.00					
19 AVERAGE (50% OF 18)	0.20	0.20	0.00	0.00					
20 MONTHLY AVERAGE (19/12 Months)	0.02	0.02	0.00	0.00					
21 INTEREST PROVISION (15x20)	22	-10	-32	3.20					

II. EXHIBITS

EXHIBIT NO. 1 - COMPANY FILED SCHEDULE A-2