

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

St. Joe Natural Gas Company, Inc.
Purchased Gas Cost Recovery

Twelve Months Ended December 31, 2012

Docket No. 130003-GU
Audit Control No. 13-014-1-1
June 24, 2013

A handwritten signature in black ink, appearing to read "Debra Dobiac".

Debra Dobiac
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn M. Deamer".

Lynn M. Deamer
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economics in its audit service request dated January 10, 2013. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by St. Joe Natural Gas Company, Inc. in support of its 2012 filing for the Purchased Gas Cost Recovery in Docket No. 130003-GU.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the St. Joe Natural Gas Company, Inc.
PGA refers to the Purchased Gas Cost Recovery.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2012, through December 31, 2012, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the PGA.

Procedures: We reconciled the 2012 filing to the Utility's general ledger and the monthly revenue reports. We compared the rates used by the Utility to the rates in the last Commission Order No. PSC PSC-11-0527-FOF-GU, issued November 9, 2011. We selected a random sample of residential and commercial customers' bills for January, March, May, July, September, and November; and recalculated each to verify the use of the correct tariff rates. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether the operation and maintenance (O&M) expenses listed on the Utility's Schedule A-2 filing was supported by adequate documentation and that the expenses are appropriately recoverable through the PGA.

Procedures: We reconciled expenses in the filing to the general ledger. We traced a sample of O&M expenses to source documentation to ensure the expenses were related to the PGA and that the expenses were charged to the correct accounts. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule A-2 was properly calculated.

Procedures: We traced the December 31, 2011, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2012, using the Commission approved beginning balance as of December 31, 2011, the Non-Financial Commercial Paper rates, and the 2012 PGA revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's PGA Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2012 to 2011 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

COMPANY: ST. JOE NATURAL GAS		FINAL FUEL OVER/UNDER RECOVERY	SCHEDULE A-7
FOR THE PERIOD: JANUARY 2012		Through	DECEMBER 2012
1	TOTAL ACTUAL FUEL COST FOR THE PERIOD	A-2 Line 3	\$487,583.84
2	TOTAL ACTUAL FUEL REVENUES FOR THE PERIOD	A-2 Line 6	\$528,538.31
3	ACTUAL OVER/UNDER RECOVERY FOR THE PERIOD (2-1)		\$30,974.47
4	INTEREST PROVISION ACTUAL OVER/UNDER RECOVERY	A-2 Line 8	\$47.02
5	FOR THE PERIOD (3+4)		\$31,021.49
6	LESS: ESTIMATED/ACTUAL OVER/UNDER RECOVERY FOR THE PERIOD January Through December 2012 (From Schedule E-2) WHICH WAS INCLUDED IN THE CURRENT January Through December 2013 PERIOD	E-4 Line 4 Col.4	\$60,784.00
7	FINAL FUEL OVER/UNDER RECOVERY TO BE INCLUDED IN THE PROJECTED January Through December 2014 PERIOD (5-6)		-\$29,742.51