

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-

DATE: May 30, 2018

TO: Office of Commission Clerk

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis

RE: Docket No.: 20180004-GU
Company Name: St. Joe Natural Gas Company
Company Code: GU610
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery
Audit Control No.: 2018-016-1-2

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 are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

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
Gas Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2017

Docket No. 20180004-GU
Audit Control No. 2018-016-1-2
May 25, 2018

A handwritten signature in blue ink, appearing to read "V. Hymavathi".

Hymavathi Vedula
Audit Manager

A handwritten signature in blue ink, appearing to read "Marisa N. Glover".

Marisa N. Glover
Reviewer

Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	4
Exhibit	
1: True-Up.....	5

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Economics in its audit service request dated January 16, 2018. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by St. Joe Natural Gas Company in support of its 2017 filing for the Gas Conservation Cost Recovery in Docket No. 20180004-GU.

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

Objectives and Procedures

General

Definition

Utility refers to the St. Joe Natural Gas Company.
GCCR refers to the Gas Conservation Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2017, through December 31, 2017, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the GCCR.

Procedures: We computed revenues using the factors in Order No. PSC-2016-0533-FOF-GU, issued November 22, 2016 and actual therm sales from the Gross Margin report and reconciled them to the general ledger and the GCCR filing. We selected a random sample of residential and commercial customers' bills for the period and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expense listed on the Utility's Schedule CT-3 of the Utility's GCCR filing was supported by adequate documentation and that the expenses are appropriately recoverable through the GCCR.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, was charged to the correct accounts and was appropriately recoverable through the GCCR. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2016, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2017, using the Commission approved beginning balance as of December 31, 2016, the Non-Financial Commercial Paper rates, and the 2017 GCCR filing revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2017 to 2016 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

SCHEDULE CT-3 PAGE 2 OF 3													St Joe Natural Gas Docket No. 180004-GU Exhibit# DKS-1 2017 Conservation True-Up Filed: April 30, 2018	
ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION FOR MONTHS JANUARY 2017 THROUGH DECEMBER 2017														
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	
1	RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2	OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3	CONSERV. ADJ REVS	-23,173	-17,011	-15,784	-17,254	-10,833	-9,807	-11,387	-8,938	-10,482	-8,401	-12,428	-17,048	-162,545
4	TOTAL REVENUES	-23,173	-17,011	-15,784	-17,254	-10,833	-9,807	-11,387	-8,938	-10,482	-8,401	-12,428	-17,048	-162,545
5	PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	5,844	5,844	5,844	5,844	5,844	5,844	5,844	5,844	5,844	5,844	5,844	5,844	70,123
6	CONSERVATION REVS APPLICABLE TO THE PERIOD	-17,329	-11,167	-9,941	-11,411	-4,989	-3,963	-5,544	-3,095	-4,638	-2,557	-6,585	-11,205	-92,422
7	CONSERVATION EXPS (FROM CT-3, PAGE 1)	15,400	14,550	9,150	11,000	10,525	13,025	2,000	22,725	6,275	12,550	17,125	10,575	144,800
8	TRUE-UP THIS PERIOD	-1,929	3,383	-791	-411	5,536	9,062	-3,544	19,630	1,637	9,993	10,540	-630	52,478
9	INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	34	32	34	34	33	36	37	43	48	48	55	63	499
10	TRUE-UP & INTER. PROV. BEGINNING OF MONTH	70,123	62,385	59,956	53,355	47,135	46,861	50,115	40,765	54,596	50,437	54,635	59,387	
11	PRIOR TRUE-UP COLLECTED (REFUNDED)	-5,844	-5,844	-5,844	-5,844	-5,844	-5,844	-5,844	-5,844	-5,844	-5,844	-5,844	-5,844	
12	TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	62,385	59,956	53,355	47,135	46,861	50,115	40,765	54,596	50,437	54,635	59,387	52,976	52,976