

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: June 24, 2020

TO: Office of Commission Clerk

FROM: Lynn M. Deamer, ^{LD} Chief of Auditing, Office of Auditing and Performance Analysis

RE: Docket No.: 20200004-GU
Company Name: St. Joe Natural Gas Company
Company Code: GU610
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery
Audit Control No.: 2020-029-1-2

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

cc: Office of Auditing and Performance Analysis File.

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, 2019

Docket No. 20200004-GU
Audit Control No. 2020-029-1-2
June 12, 2020

A handwritten signature in black 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

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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 28, 2020. 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 2019 filing for the Gas Conservation Cost Recovery in Docket No. 20200004-GU.

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, 2019, through December 31, 2019, 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-2018-0563-FOF-GU, issued November 29, 2018 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, 2018, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2019, using the Commission approved beginning balance as of December 31, 2018, the Non-Financial Commercial Paper rates, and the 2019 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 2019 to 2018 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													St Joe Natural Gas
PAGE 2 OF 3													Docket No. 202004-GU
													Exhibit# DKS-1
													2019 Conservation True-Up
													Wed: May 4, 2020
ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISIONS													
FOR MONTHS: JANUARY 2019 THROUGH DECEMBER 2019													
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	-18,805	-17,231	-11,621	-10,820	-8,246	-8,351	-6,524	-6,281	-7,703	-6,129	-12,481	-14,361	-128,553
4. TOTAL REVENUES	-18,805	-17,231	-11,621	-10,820	-8,246	-8,351	-6,524	-6,281	-7,703	-6,129	-12,481	-14,361	-128,553
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	3,845	3,845	3,845	3,845	3,845	3,845	3,845	3,845	3,845	3,845	3,845	3,845	46,143
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	-14,960	-13,386	-7,776	-6,974	-4,401	-4,506	-2,679	-2,436	-3,858	-2,284	-8,635	-10,516	-82,410
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	25,350	28,750	29,475	4,450	36,200	15,425	19,275	18,450	20,450	8,875	3,875	23,025	231,600
8. TRUE-UP THIS PERIOD	10,390	15,364	21,699	-2,524	31,799	10,919	16,596	14,014	16,592	6,591	-4,760	12,509	149,190
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	101	118	148	160	182	211	221	229	236	227	200	196	2,228
10. TRUE-UP & INTER. PROV BEGINNING OF MONTH	46,143	52,790	64,427	82,429	76,220	104,355	111,641	124,612	135,010	147,992	150,965	142,559	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	-3,845	-3,845	-3,845	-3,845	-3,845	-3,845	-3,845	-3,845	-3,845	-3,845	-3,845	-3,845	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	52,790	64,427	82,429	76,220	104,355	111,641	124,612	135,010	147,992	150,965	142,559	151,418	151,418