

State of Florida



# 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:** July 13, 2021

**TO:** Office of Commission Clerk

**FROM:** Dale Mailhot, Director, Office of Auditing and Performance Analysis

**RE:** Docket No.: 20210004-GU  
Company Name: St. Joe Natural Gas Company  
Company Code: GU610  
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery  
Audit Control No.: 2021-020-1-2

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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 Commission Clerk. There are no confidential work papers associated with this audit.

DM/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, 2020**

Docket No. 20210004-GU  
Audit Control No. 2021-020-1-2  
**June 2, 2021**

A handwritten signature in black ink, appearing to read "D. Jones", written over a horizontal line.

Demetrius Jones  
Audit Manager

A handwritten signature in black ink, appearing to read "Marisa N. Glover", written over a horizontal line.

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, 2021. 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 2020 filing for the Gas Conservation Cost Recovery in Docket No. 20210004-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, 2020, through December 31, 2020, 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-2019-0499-FOF-GU, issued November 22, 2019 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, 2019, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2020, using the Commission approved beginning balance as of December 31, 2019, the Non-Financial Commercial Paper rates, and the 2020 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 2020 to 2019 revenues and expenses. There was a 95.60% and 100% increase in Residential New Construction and Large Commercial – New Construction, respectively, between 2019 and 2020. A 46.86% and 46.97% decrease in Residential Appliance Replacement and Residential Appliance Retention, respectively, between 2019 and 2020. The 95.60% was primarily due to Hurricane Michael, that damaged about 73% of homes and commercial buildings in the company's Gulf and Bay County service area. The 100% increase was due to only one Large Commercial customer applying for the New Construction program. The 46.86% and 46.97% decrease were due to Hurricane Michael, this lowered the number of homes in the service area to qualify for the Replacement program. No further work performed.

Audit Findings

**None**

# Exhibit

## Exhibit 1: True-Up

SCHEDULE CT-3 PAGE 2 OF 3	St Joe Natural Gas Docket No. 20210004-GU Exhibit# DKS-1 2020 Conservation True-Up Date: May 3, 2021												
ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISIONS FOR MONTHS: JANUARY 2020 THROUGH DECEMBER 2020													
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	-27,575	-36,629	-24,970	-17,883	-16,951	-19,450	-13,957	-16,489	-13,572	-14,774	-21,851	-26,384	-252,488
4. TOTAL REVENUES	-27,575	-36,629	-24,970	-17,883	-16,951	-19,450	-13,957	-16,489	-13,572	-14,774	-21,851	-26,384	-252,488
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	12,618	12,618	12,618	12,618	12,618	12,618	12,618	12,618	12,618	12,618	12,618	12,618	151,418
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	-14,957	-24,011	-12,362	-5,265	-4,333	-6,832	-1,338	-5,671	-854	-2,156	-9,232	-13,766	-101,068
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	19,100	14,250	17,600	23,475	11,525	23,525	18,650	24,275	10,750	14,800	0,700	2,775	189,825
8. TRUE-UP THIS PERIOD	4,143	-9,761	5,248	18,210	7,192	16,683	17,511	18,404	0,796	12,644	-532	-10,991	88,557
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	196	170	167	103	16	10	10	9	6	9	9	8	716
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	151,418	143,138	120,929	113,726	119,421	114,011	118,086	122,999	128,794	125,981	126,016	112,875	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	-12,618	-12,618	-12,618	-12,618	-12,618	-12,618	-12,618	-12,618	-12,618	-12,618	-12,618	-12,618	
12. TOTAL NET TRUE-UP (SUM LINES 8+9-10+11)	143,138	120,929	113,726	119,421	114,011	118,096	122,999	126,794	126,981	126,016	112,875	89,273	80,273