

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 25, 2023

**TO:** Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

**FROM:** Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 

**RE:** Docket No.: 20230004-GU  
Company Name: St. Joe Natural Gas Company, Inc.  
Company Code: GU610  
Audit Purpose: A3e: Gas Conservation Cost Recovery  
Audit Control No.: 2023-018-1-7

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

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

### Auditor's Report

St. Joe Natural Gas Company, Inc.  
Gas Conservation Cost Recovery Clause

**Twelve Months Ended December 31, 2022**

Docket No. 20230004-GU  
Audit Control No. 2023-018-1-7

**July 24, 2023**

A handwritten signature in cursive script, appearing to read "Brian Lenberg", written over a horizontal line.

Brian Lenberg  
Audit Manager

A handwritten signature in cursive script, appearing to read "Hymavathi Vedula", written over a horizontal line.

Hymavathi Vedula  
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 18, 2023. 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 2022 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20230004-GU.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definition

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

### **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 2022 to 2021 revenues and expenses. Audit staff determined there was a 47.77% decrease in Residential Appliance Replacement. The 47.77% decrease was due to the growth of new houses. No further work was performed.

### **Revenue**

#### Operating Revenues

**Objectives:** The objectives were to determine the actual therms sold for the period January 1, 2022, through December 31, 2022, and whether the Utility applied the Commission-approved cost recovery factor to actual therm sales.

**Procedures:** We computed revenues using the factors in Order No. PSC-2021-0422-FOF-GU, issued November 9, 2022. We calculated actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. We examined samples of residential and commercial customers' bills for each month and recalculated each to verify the use of the correct tariff rate. No further work was performed.

### **Expense**

#### Operation and Maintenance 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 were supported by adequate documentation and that the expenses were appropriately recoverable through the GCCR.

**Procedures:** We traced expenses in the filing to the general ledger. We examined samples of O&M Expenses for each month and traced them to the invoices. 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, 2021, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2022, using the Commission-approved beginning balance as of December 31, 2021, the Non-Financial Commercial Paper rates, and the 2022 GCCR filing revenues and costs. No exceptions were noted.

Audit Findings

**None**

# Exhibit

## Exhibit 1: True Up

SCHEDULE CT-3 PAGE 2 OF 3	St. Joe Natural Gas Docket No. 20230004-GU Exhibit# DKS-1 2022 Conservation True-Up Filed: May 2, 2023												
ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION FOR MONTHS: JANUARY 2022 THROUGH DECEMBER 2022													
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	(24,420)	(71,632)	(14,533)	(12,312)	(12,088)	(8,033)	(7,801)	(9,473)	(7,309)	(9,791)	(0,265)	(15,317)	(151,021)
4. TOTAL REVENUES	(24,420)	(71,632)	(14,533)	(12,312)	(12,088)	(8,033)	(7,801)	(9,473)	(7,309)	(9,791)	(0,265)	(15,317)	(151,021)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(8,583)	(8,683)	(8,688)	(8,886)	(8,688)	(8,884)	(8,688)	(8,888)	(8,688)	(8,888)	(8,688)	(8,688)	(104,261)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(33,109)	(30,321)	(23,221)	(21,001)	(20,776)	(16,721)	(16,493)	(18,161)	(15,998)	(18,486)	(18,954)	(24,068)	(257,282)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	13,025	30,925	11,800	11,800	15,750	3,950	5,000	24,475	11,400	13,225	3,115	22,000	173,225
8. TRUE-UP THIS PERIOD	(20,084)	684	(11,421)	(8,100)	(8,025)	(5,771)	(10,882)	6,314	(4,588)	(8,261)	(1,579)	(2,048)	(84,057)
9. INTER. PROV THIS PERIOD (FROM CT-3, PAGE 3)	(5)	(4)	(17)	(56)	(108)	(136)	(177)	(193)	(203)	(240)	(276)	(304)	(1,714)
10. TRUE-UP & INTER PROV BEGINNING OF MONTH	(104,261)	(115,641)	(106,373)	(108,123)	(109,589)	(106,035)	(104,254)	(106,025)	(91,817)	(87,929)	(44,741)	(32,109)	
11. PRIOR TRUE-UP COLLECTED (REFUNDED)	8,689	8,689	8,688	8,688	8,689	8,688	8,688	8,688	8,689	8,689	8,688	8,688	
12. TOTAL NET TRUE-UP (SUM LINES 8+9-10+11)	(115,661)	(106,373)	(108,123)	(109,589)	(108,035)	(104,254)	(106,026)	(91,817)	(87,929)	(84,741)	(32,109)	(85,771)	(85,771)