

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 28, 2024

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

FROM: Donna Brown, Bureau Chief, Office of Auditing & Performance Analysis *DB*

RE: Docket No.: 20240003-GU
Company Name: St. Joe Natural Gas
Company Code: GU610
Audit Purpose: A3c: Purchased Gas Adjustment Cost Recovery Clause (PGA)
Audit Control No.: 2024-031-2-2

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

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

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

Twelve Months Ended December 31, 2023

Docket No. 20240003-GU
Audit Control No. 2024-031-2-2

June 28, 2024

A handwritten signature in black ink, appearing to read "K Guan", positioned above a horizontal line.

Kathryn Guan
Audit Manager

Fang Zhao
Audit Staff

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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 19, 2024. 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 2023 filing for the Purchased Gas Cost Recovery Clause in Docket No. 20240003-GU.

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 Clause.

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 2023 to 2022 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided by the Utility were acceptable. Further follow-up was not required.

Revenue

Operating Revenue

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2023, through December 31, 2023, and whether the Utility applied the Commission-approved cost recovery factor to actual therm sales for the PGA.

Procedures: We recalculated the 2023 Utility's revenues and reconciled them to the Utility's filing. A sample of residential and commercial customer bill test was performed by each rate class in Docket No. PSC-2022-0410-FOF-GU, Audit Control Number 2024-031-2-2, to verify that the correct tariff rate was used. No exceptions were noted.

Expense

Operation and Maintenance Expense

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

Procedures: We recalculated the expense and traced it in the filing to the general ledger. We used all invoices provided by the Utility as a sample of O&M Expenses for testing for 2023. We recalculated all invoices provided by the Utility and determined if each invoice was the proper amount, in the proper period, and related to PGA. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Form 42-2A was properly calculated.

Procedures: We traced the December 31, 2023, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2023, using the Commission-approved beginning balance as of December 31, 2022, the Non-Financial Commercial Paper rates, and the 2023 PGA revenues and costs. No exceptions were noted.

Audit Findings

Finding 1: Gas Purchased Adjustment True-up

Audit Analysis: In the Commission Order No. PSC-2022-0410-FOF-GU, audit staff noted there was an under-recovery in the amount of \$173,359. However, in the Utility testimony filed in Docket No. 20220003-GU, the Utility stated that there was an under-recovery in the amount of \$176,359 for 2023. Audit staff confirmed the calculation of purchased gas adjustment true-up amount with the Utility, which was the same amount as in testimony.

This finding is for information purposes only.

Exhibit

Exhibit 1: True Up and Interest Provision

COMPANY: ST JOE NATURAL GAS CO CALCULATION OF TRUE-UP AND INTEREST PROVISION SCHEDULE A-2										
FOR THE PERIOD OF: JANUARY 2023 Through DECEMBER 2023										
	CURRENT MONTH:				REVISED DECEMBER		PERIOD TO DATE			
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE			
			AMOUNT	%			AMOUNT	%		
TRUE-UP CALCULATION										
1 PURCHASED GAS COST LINE 4, A/1	\$41,788	\$34,187	-7,601	-0.22233	\$330,053	\$296,422	-33,631	-0.11346		
2 TRANSPORTATION COST (LINE(1+5+6-(7+8+9))	\$12,900	-\$3,275	-16,175	4.938846	\$164,885	\$69,716	-95,169	-1.3651		
3 TOTAL	\$54,687	\$30,912	-23,776	-0.76914	\$494,938	\$366,138	-128,800	-0.35178		
4 FUEL REVENUES (NET OF REVENUE TAX)	\$65,322	\$30,912	-34,410	-1.11318	\$654,235	\$366,138	-288,097	-0.78685		
5 TRUE-UP(COLLECTED) OR REFUNDED	-\$14,697	-\$14,697	0	0	-\$176,359	-\$176,359	0	0		
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	\$50,625	\$16,215	-34,410	-2.12211	\$477,876	\$189,779	-288,097	-1.51807		
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	-\$4,062	-\$14,697	-10,635	0.723623	-\$17,061	-\$176,359	-159,298	0.903257		
8 INTEREST PROVISION-THIS PERIOD (21)	\$200	-\$299	-499	1.666979	\$1,413	-\$3,295	-4,708	1.428681		
9 BEGINNING OF PERIOD TRUE-UP AND	\$39,698	(\$67,491)	-107,189	1.588193	-\$110,178	(\$64,495)	45,683	-0.70832		
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	14,697	14,697	0	0	176,359	176,359	0	0		
10a FLEX RATE REFUND (if applicable)	\$0	\$0	0	0	\$0	\$0	0	0		
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	\$50,532	-\$67,790	-118,323	1.745418	\$50,532	-\$67,790	-118,323	1.745418		
INTEREST PROVISION										
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	39,698	(67,491)	(107,189)	1.588193	If line 5 is a refund add to line 4 If line 5 is a collection () subtract from line 4					
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	50,333	(67,491)	(117,824)	1.745766						
14 TOTAL (12+13)	90,030	(134,982)	(225,013)	1.666979						
15 AVERAGE (50% OF 14)	45,015	(67,491)	(112,506)	1.666979						
16 INTEREST RATE - FIRST DAY OF MONTH	5.34	5.34	0	0						
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.30	5.30	0	0						
18 TOTAL (16+17)	10.64	10.64	0	0						
19 AVERAGE (50% OF 18)	5.32	5.32	0	0						
20 MONTHLY AVERAGE (19/12 Months)	0.44333	0.44333	0	0						
21 INTEREST PROVISION (15x20)	200	-299	-499	1.666979						