



Public Service Commission

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DATE: July 12, 2000
TO: Division of Competitive Services (Wayne Makin)
FROM: Denise N. Vandiver; Division of Regulatory Oversight *ON*
RE: Docket No. 000003-GU; Peoples Gas System
 (A Division of Tampa Electric Company)
 Audit Report; PGA - Period Ended December 31, 1999
 Audit Control No. 00-003-2-1

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, they should send it to the Division of Records and Reporting. There are no confidential work papers associated with this audit.

DNV: sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)
 Tampa District Office (McPherson)
 Division of Records and Reporting
 Division of Legal Services

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FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING*

TAMPA DISTRICT OFFICE

**PEOPLES GAS SYSTEM
(A Division of Tampa Electric Company)**

PURCHASED GAS ADJUSTMENT AUDIT

TWELVE MONTHS ENDED DECEMBER 31, 1999

Docket 000003-GU

Audit Control Number 00-003-2-1



Thomas E. Stambaugh, Audit Manager



James A. McPherson, Tampa District Supervisor

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**DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT**

June 28, 2000

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the appended Purchased Gas Adjustment Schedule A-2 (True-Up Calculation and Interest Provision) for the twelve months period ending December 31, 1999 prepared by Peoples Gas System, in support of Docket No. 000003-GU. There is no confidential information associated with this audit and there are no minority opinions.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT PROCEDURES:

Our audit was performed by examining on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

COST OF PURCHASED GAS: Compiled total Pipeline and Transportation Costs less End-Use Contract amounts. Verified the mathematical accuracy of Schedule A-1 Cost of Purchased Gas for the twelve month period ending December 31, 1999. Traced dollars and associated terms of purchased gas to vendor invoices. Agreed cost of Company Use Gas to the associated general ledger account. Reconciled Purchased Gas Adjustment (PGA) gas cost for End Use Sales between Sch A-1 and Sch A-3. Analyzed Legal and Administrative Costs charged to PGA filing.

GAS REVENUES: Compiled PGA Revenues. Recomputed PGA Revenues based upon the FPSC approved rate and Company supplied sales reports. Recomputed the Company's calculation of unbilled revenues. Traced negative cash-out revenues (from End-Users) to customer invoices. Reconciled fuel revenues on the PGA A-2 schedule to the general ledger. Tested customer bills for proper PGA and True-up factors.

CALCULATION OF TRUE-UP: Recomputed monthly Adjusted Total True-Up. Recomputed the monthly interest provision using the FPSC approved interest rates. Reviewed Peoples Gas System (PGS) gas contracts and obtained the agreement of PGS accounting executives to verify that PGS negotiated directly with suppliers and large-use customers.

FOR THE PERIOD OF: JANUARY 99 Through DECEMBER 99

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	CURRENT MONTH: DECEMBER 99				PERIOD TO DATE			
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE	
			AMOUNT	%			AMOUNT	%
TRUE-UP CALCULATION								
1 PURCHASED GAS COST (A-1, LINES 3+4-9-13)	\$6,979,542	\$6,178,511	(\$801,031)	(\$0.11477)	\$73,864,129	\$64,407,696	(\$9,456,433)	(\$0.12802)
2 TRANSPORTATION COST (A-1, LINES 1+2+5+6-7-8)	3,498,730	3,385,723	(113,007)	(0.03230)	\$31,586,605	\$31,310,581	(276,024)	(0.00874)
3 TOTAL	10,478,272	9,564,234	(914,038)	(0.08723)	\$105,450,734	\$95,718,277	(9,732,457)	(0.09229)
4 FUEL REVENUES (NET OF REVENUE TAX)	9,244,955	9,564,233	319,278	0.03454	\$100,377,772	\$93,203,125	(7,174,647)	(0.07148)
5 TRUE-UP REFUND/(COLLECTION)	17,503	17,503	0	0.00000	\$209,981	\$209,981	0	0.00000
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	9,262,458	9,581,736	319,278	0.03447	\$100,587,753	\$93,413,106	(7,174,647)	(0.07133)
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(1,215,814)	17,502	1,233,316	(1.01440)	(\$4,862,981)	(\$2,305,172)	2,557,810	(0.52598)
8 INTEREST PROVISION-THIS PERIOD (21)	146	9,164	9,018	61.78483	\$129,775	\$134,221	4,446	0.03426
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	648,076	1,972,583	1,324,506	2.04375	4,298,844	4,298,844	0	0.00000
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(17,503)	(17,503)	0	0.00000	(\$209,981)	(\$209,981)	0	0.00000
10a ENVIRONMENTAL REFUND	0	0	0	0.00000	\$0	\$0	0	0.00000
11 TOTAL EST/ACT TRUE-UP (7+8+9+10+10a)	(585,094)	1,981,746	2,566,840	(4.38705)	(644,344)	1,917,912	2,562,256	(3.97654)
11a REFUNDS/ADJUSTMENTS-INTERSTATE PIPELINES	0	0	0	0.00000	\$59,249	\$63,834	4,584	0.07736
12 ADJ TOTAL EST/ACT TRUE-UP (11+11a)	(585,094)	1,981,746	2,566,840	(4.38705)	(\$585,094)	\$1,981,746	\$2,566,840	(\$4.38705)
INTEREST PROVISION								
13 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	648,076	1,972,583	1,324,506	2.04375	and add to line 4			
14 ENDING TRUE-UP BEFORE INTEREST (13+7-5+10a+11a)	(585,240)	1,972,582	2,557,822	(4.37055)	If line 5 is a collection () subtract from line 4			
15 TOTAL (13+14)	62,836	3,945,164	3,882,328	61.78483				
16 AVERAGE (50% OF 15)	31,418	1,972,582	1,941,164	61.78483				
17 INTEREST RATE - FIRST DAY OF MONTH	5.55	5.55	0	0.00000				
18 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.60	5.60	0	0.00000				
19 TOTAL (17+18)	11.150	11.150	0	0.00000				
20 AVERAGE (50% OF 19)	5.575	5.575	0	0.00000				
21 MONTHLY AVERAGE (20/12 Months)	0.465	0.465	0	0.00000				
22 INTEREST PROVISION (16x21)	\$146	\$9,164	\$9,018	\$61.78483				