

**FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT
AS OF SEPTEMBER 30, 1997**

**FIELD WORK COMPLETED
DECEMBER 4, 1997**

**CHESAPEAKE UTILITIES CORPORATION
POLK COUNTY**

**PURCHASED GAS ADJUSTMENT AUDIT
DOCKET NO. 970003-GU
AUDIT CONTROL NO. 97-160-3-1**

Richard F. Brown

**RICHARD F. BROWN
AUDIT MANAGER**

Ian J. Forbes

**IAN J. FORBES
DISTRICT AUDIT SUPERVISOR
ORLANDO**

*12695-97
12/11/97*

I. EXECUTIVE SUMMARY

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to the company's Purchased Gas Adjustment schedules for the test year ending September 30, 1997, Docket No. 970003-GU. The company's Purchased Gas Adjustment schedules were examined to determine compliance with Commission directives and to disclose any transactions or events which may influence Commission decision.

DISCLAIM PUBLIC USE: 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.

OPINION: Subject to the procedures described in Section II, the company's books and records for the test year ending September 30, 1997, are maintained in substantial compliance with Commission directives.

II. AUDIT SCOPE

The opinions contained in this report are based on the audit work described below. When used in this report, **COMPILED** means that audit work includes:

COMPILED - means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and except as otherwise noted, performed no other audit work.

A SCHEDULES: The company's A Schedules for October 1996 and September 1997 were compiled and recomputed.

PGA REVENUES: Compiled the company's therm sales and recomputed.

COST OF GAS: Traced therms and cost of gas to the company's invoices.

TRUE-UP: Verified monthly booking of true-up. Recomputed amounts per utility-submitted filing and reconciled beginning true-ups to the appropriate Commission order. Verified that proper interest rates were applied to under or over recovered amounts for the twelve months ended September 30, 1997.

EXHIBIT I

SCHEDULE A-2
EXHIBIT NO
DOCKET NO. 87003-GU
CHEASPEAKE UTILITIES CORP
AVW-1
PAGE ___ OF ___

FL DIV CUC CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE PERIOD OF: APRIL 87 Through MARCH 88

	CURRENT MONTH: SEPTEMBER			PERIOD TO DATE		
	ACTUAL	ESTIMATE	DIFFERENCE AMOUNT %	ACTUAL	ESTIMATE	DIFFERENCE AMOUNT %
TRUE-UP CALCULATION						
1 PURCHASED GAS COST (A-1 lines 3,4)	642,869	614,405	(28,464) -4.63%	3,438,278	3,258,819	(179,459) -5.194%
2 TRANSPORTATION CCST (A-1 lines 1,2,5 plus A-1(2) line 33,35,36)	175,108	150,029	(25,079) -14.33%	1,341,671	1,123,411	(218,260) -16.716%
3 TOTAL	818,007	764,434	(53,573) -6.55%	4,679,949	4,482,230	(217,719) -4.679%
4 FUEL REVENUES (NET OF REVENUE TAX)	933,274	944,124	(10,850) -1.16%	5,292,358	4,940,370	(351,988) -6.65%
5 TRUE-UP (COLLECTED) OR REFUNDED	(79,660)	(79,660)	0 0.00%	(478,140)	(478,140)	0 0.00%
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	857,594	784,434	(73,160) -8.52%	4,814,218	4,462,230	(351,988) -7.31%
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 5)	35,577	0	(35,577) 0.00%	134,289	0	(134,289) 0.00%
8 INTEREST PROVISION-THIS PERIOD (21)	380	(2,861)	(3,041) -79.76%	(3,679)	(21,639)	(17,960) -48.31%
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	24,662	(576,500)	(601,152) -24.38%	(468,430)	(955,952)	(487,522) -104.276%
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	79,660	79,660	0 0.00%	478,140	478,140	0 0.00%
10a FLEX RATE REFUND (if applicable)	0	0	0 0.00%	0	0	0 0.00%
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+9-9+10+10a)	140,299	(469,471)	(609,770) -43.46%	140,300	(469,471)	(609,771) -43.46%

* If line 5 is a refund add to line 4
If line 5 is a collection () subtract from line 4

	ACTUAL	ESTIMATE	DIFFERENCE AMOUNT %
INTEREST PROVISION			
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	24,662	(576,500)	(601,152) -24.38%
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	139,919	(469,810)	(609,729) -43.58%
14 TOTAL (12+13)	164,571	(1,073,310)	(1,237,881) -75.23%
15 AVERAGE (50% OF 14)	82,286	(536,655)	(618,941) -74.14%
16 INTEREST RATE - FIRST DAY OF MONTH	5.950%	5.950%	0.000% 0.00%
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.030%	5.950%	0.920% 18.29%
18 TOTAL (16+17)	11,080%	11,900%	0.820% 7.37%
19 AVERAGE (50% OF 18)	5.540%	5.950%	0.410% 7.39%
20 MONTHLY AVERAGE (19/12 Months)	0.462%	0.496%	0.034% 7.36%
21 INTEREST PROVISION (15+20)	390	(2,861)	(3,041) -77.72%

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
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DIANE K. KIESLING
JOE GARCIA



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYO
DIRECTOR
(850) 413-6770

Public Service Commission

December 12, 1997

Mr. Stephen Thompson
Florida Division of Chesapeake Utilities Corporation
Post Office Box 690
Winter Haven, Florida 33882-0960

Re: Docket No. 970003 - GU - Florida Division of Chesapeake Utilities Corporation
PGA Audit Report - Period Ended September 30, 1997
Audit Control # 97-160-3-1

Dear Mr. Thompson:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Kay Flynn".

By: Kay Flynn, Chief
Bureau of Records

KF/clc
Enclosure
cc: Public Counsel
Gatlin Law Firm