FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED SEPTEMBER 30, 1997

FIELD WORK COMPLETED

DECEMBER 6, 1997

ST. JOE NATURAL GAS COMPANY, INC.

PORT ST. JOE, FLORIDA

GULF COUNTY

CONSERVATION AUDIT

DOCKET NUMBER - 970002-EG

AUDIT CONTROL NUMBER 97-161-1-1

Mark Caruth

MARK CARUTH AUDIT MANAGER

RHONDA HICKS REGULATORY ANALYST SUPERVISOR TALLAHASSEE DISTRICT OFFICE

DOCUMENT NUMBER - DATE

12895 DEC 175

FPSC - RECORDS / REPORTING

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	TRUE-UP PROVISION	
	INTEREST PROVISION	0

I. EXECUTIVE SUMMARY

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to audit the true-up and interest exhibits for the twelve month period ending September 30, 1997 prepared by St. Joe Natural Gas Company, Inc. for their Petition for approval of Conservation True-Up amounts. There are no confidential documents associated with the audit report.

DISCLAIM PUBLIC USE: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied on 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 audit standards and produce audited financial statements for public use.

OPINION: The ECCR exhibits for the twelve months period ended September 30, 1997 represent St. Joe Natural Gas Company's books and records maintained in substantial compliance with commission directives. The expressed opinions extend only to the scope of work described in Section II of this report.

II. AUDIT SCOPE

The opinions contained in this report are based on the audit work described below. When used in this report the following definitions shall apply:

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 noted performed no other audit work.

SCOPE OF WORK PERFORMED

REVENUES: Traced therms from the Billing Register into the Therms Billed section of the Accounts Receivable Reconciliation Schedule, then into the Recap Accounts Receivable Schedule, then into the ECCR Total Revenue Summary Schedule, and then into the utility's Filing. Verified that the ECCR rates used by the utility matched the FPSC approved factors as set forth in Commission Orders No. PSC-96-0352-FOF-EG and PSC-97-0291-FOF-EG. Traced dollar revenues from the utility's Filing (per ECCR Total Revenue Summary) to the General Ledger and to the associated Journal Entries. Researched selective customer billings to verify rates charged per bill.

EXPENSES: Traced expenses from the utility's ECCR Programs Financial Disbursements Control Log to the General Ledger, then to the ECCR Programs Expense Summary, and then to the utility's Filing. For three of the twelve months, traced all ECCR expense outflows from the ECCR Programs Financial Disbursements Control Log to the utility's Bank Statement in order to verify the amount of cash outflow/payment, to verify the recipient/payee, to determine each check number by review of bank made photocopy of canceled check, and to determine the date per bank statement that each check cleared.

OTHER: Recalculated true-up provision. Recalculated interest provision. Verified that the correct interest rates were applied to under/over recovered amounts for the twelve months ended on September 30, 1997.

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STATE OF FLORIDA

Commissioners: Julia L. Johnson, Chairman J. Terry Deason Susan F. Clark Diane K. Kiesling Joe Garcia



DIVISION OF RECOLDS & REPORTING BLANCA S. BAYÓ DIRECTOR (850) 413-6770

Public Service Commission

December 17, 1997

Mr. Stuart L. Shoaf St. Joe Natual Gas Company, Inc. Post Office Box 549 Port St. Joe, Florida 32456-0549

> Re: Docket No. 970002 - EG - St. Joe Natural Gas Company, Inc. Conservation Audit Report - Period Ended September 30, 1997 Audit Control # 97-161-1-1

Dear Mr. Shoaf:

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,

Blanca S. Bayó

BSB/cls Enclosure

cc: Public Counsel