

Florida Public Service Commission

Audit Report

As of September 30, 1996

Field Work Completed

December 2, 1996

Chesapeake Utilities Corporation

Florida Division

Winter Haven, Florida

Polk County

Purchased Gas Adjustment Audit

Docket No. 960003-GU

Audit Control Number 96-151-3-1

Elbert E. Phillips

**Elbert E. Phillips
Audit Manager**

Audit Staff

Robert F. Dodrill

Minority Opinion

Yes_ No P

Ian J. Forbes

**Ian J. Forbes
Regulatory Analyst Supervisor
Orlando District Office**

DOCUMENT NUMBER-DATE

13279 DEC 13 96

FPSC-RECORDS/REPORTING

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I. Executive Summary

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to the Company-appended exhibit for the twelve months ended September 30, 1996, Purchased Gas Adjustment schedules. These procedures were to determine that the exhibit represents Company books, that the books are maintained in compliance with Commission directives, and that the facts which may influence the Commission decision process are disclosed.

DISCLAIM PUBLIC USE: This 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 audit 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 books and records for the twelve months ended September 30, 1996, are maintained in substantial compliance with Commission directives.

SUMMARY FINDINGS

Disclosures

The Company overstated the revenues on its RAF return resulting in a overpayment of \$179.

II. Audit Scope

This report is based on the audit work described below. When compiled is used in this section of the report, it defines completed audit work as follows:

Compiled: 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.

A SCHEDULES: Compiled and recomputed the Company's A schedules for the months of October 1995, December 1995, February, and September 1996.

PGA REVENUES: Traced therm sales for the aforementioned months to Company's billing register 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 Company-submitted filing and reconciled beginning true-ups to Commission Order Numbers PSC-95-0350-FOF-GU and PSC-96-0323-FOF-GU. Verified that the correct interest rates were applied to under or overrecovered amounts for the twelve months ended September 30, 1996.

REVENUES: Traced revenues to Company's general ledger and verified the revenues were recorded in accordance with Division of Auditing and Financial Analysis's memorandum dated September 11, 1995.

AUDIT DISCLOSURE NUMBER 1

SUBJECT: REGULATORY ASSESSMENT FEES

FACTS: The Company recorded \$11,309,638 as revenue on its regulatory assessment fees return (RAF) for the period January 1, 1996 to June 30, 1996. Included in the above amount is \$47,788 recorded as non-regulated revenue.

OPINION/RECOMMENDATION: The Company included an error on the RAF return \$47,788 in non-regulated revenue. The Company overpaid its RAF fees by \$179 ($\$47,788 \times .00375$). The Commission should require that the Company omit \$47,788 on its December 31, 1996 RAF return.

COMPANY: FL DIV CUC
 INTERR SALES CUSTOMERS

COMPARISON OF ACTUAL VERSUS ORIGINAL ESTIMATE
 OF THE PURCHASED GAS ADJUSTMENT COST RECOVERY FACTOR

SCHEDULE A-1
 EXHIBIT NO. _____
 DOCKET NO. 960693-GU
 CHESAPEAKE UTILITIES CORP.
 AVW-1
 PAGE ____ OF ____

ESTIMATED FOR THE PERIOD OF:

APRIL 95 Through MARCH 96

	CURRENT MONTH:		FEBRUARY		PERIOD TO DATE				
	ACTUAL	REVISED ESTIMATE	DIFFERENCE		ACTUAL	REVISED ESTIMATE	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
COST OF GAS PURCHASED									
1 COMMODITY (Pipeline)	13,557	11,441	2,116	18.50	150,460	145,078	5,475	3.78	
2 NO NOTICE SERVICE	2,601	1,082	1,519	140.42	19,126	14,737	4,389	29.78	
3 SWING SERVICE	0	0	0	0.00	19,522	0	19,522	0.00	
4 COMMODITY (Other)	575,213	515,646	59,567	11.55	4,437,197	4,268,645	168,552	3.95	
5 DEMAND	89,751	105,548	(15,797)	-14.97	767,734	780,961	(13,247)	-1.70	
6 OTHER	(8,318)	347	(6,665)	-1920.85	(30,188)	(17,989)	(12,199)	67.81	
LESS END-USE CONTRACT									
7 COMMODITY (Pipeline)	0	0	0	0.00	0	0	0	0.00	
8 DEMAND	0	0	0	0.00	0	0	0	0.00	
9	0	0	0	0.00	0	0	0	0.00	
10 Second Prior Month Purchase Adj. (OPTIONAL)	0	0	0	0.00	0	0	0	0.00	
11 TOTAL COST (1+2+3+4+5+6+10)-(7+8+9)	674,804	634,064	40,740	8.43	5,383,882	5,191,390	172,492	3.32	
12 NET UNBILLED	0	0	0	0.00	0	0	0	0.00	
13 COMPANY USE	0	0	0	0.00	0	0	0	0.00	
14 TOTAL THERM SALES	585,619	588,297	(2,648)	-0.45	5,486,706	5,476,842	9,864	0.18	
THERMS PURCHASED									
15 COMMODITY (Pipeline) BILLING DETERMINANTS ONLY	2,241,320	1,847,549	393,771	21.31	23,876,988	22,750,891	926,297	4.07	
16 NO NOTICE SERVICE BILLING DETERMINANTS ONLY	374,816	155,785	219,031	140.60	2,756,009	2,123,637	632,371	29.78	
17 SWING SERVICE COMMODITY	0	0	0	0.00	29,454	0	29,454	0.00	
18 COMMODITY (Other) COMMODITY	2,289,392	1,847,549	441,843	23.92	23,190,656	22,251,799	939,057	4.22	
19 DEMAND BILLING DETERMINANTS ONLY	1,557,818	1,889,059	(311,241)	-18.65	12,954,801	13,056,209	(401,408)	-3.07	
20 OTHER COMMODITY	0	0	0	0.00	0	0	0	0.00	
LESS END-USE CONTRACT									
21 COMMODITY (Pipeline)	0	0	0	0.00	0	0	0	0.00	
22 DEMAND	0	0	0	0.00	0	0	0	0.00	
23	0	0	0	0.00	0	0	0	0.00	
24 TOTAL PURCHASES (+17+18+20)-(21+23)	2,289,392	1,847,549	441,843	23.92	23,220,310	22,251,799	968,512	4.35	
25 NET UNBILLED	0	0	0	0.00	0	0	0	0.00	
26 COMPANY USE	0	0	0	0.00	0	0	0	0.00	
27 TOTAL THERM SALES	2,297,264	1,847,549	449,715	24.34	24,735,629	24,220,327	515,502	2.13	
CENTS PER THERM									
28 COMMODITY (Pipeline) (1/15)	0.605	0.619	-0.014	-2.32	0.636	0.637	-0.002	-0.28	
29 NO NOTICE SERVICE (2/16)	0.694	0.695	-0.001	-0.07	0.694	0.694	0.000	0.00	
30 SWING SERVICE (3/17)	0.000	0.000	0.000	0.00	66.279	0.000	66.279	0.00	
31 COMMODITY (Other) (4/18)	25.125	27.910	-2.785	-9.98	19.133	19.183	-0.050	-0.26	
32 DEMAND (5/19)	5.761	5.647	0.114	2.02	6.067	5.982	0.085	1.42	
33 OTHER (6/20)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
LESS END-USE CONTRACT									
34 COMMODITY Pipeline (7/21)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
35 DEMAND (8/22)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
36 (9/23)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
37 TOTAL COST OF PURCHASES (11/24)	29.475	34.319	-4.844	-14.11	23.100	23.330	-0.230	-0.99	
38 NET UNBILLED (12/25)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
39 COMPANY USE (13/26)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
40 TOTAL COST OF THERMS SOLD (11/27)	29.374	34.319	-4.945	-14.41	21.685	21.434	0.251	1.17	
41 TRUE-UP (E-2)	-1.336	-1.336	0.000	0	-1.336	-1.336	0.000	0	
42 TOTAL COST OF GAS (40+41)	28.038	32.983	-4.945	-14.99	20.349	20.098	0.251	1.25	
43 REVENUE TAX FACTOR	1.01911	1.01911	0.00000	0	1.01911	1.01911	0.00000	0	
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	28.574	33.614	-5.039	-14.99	20.738	20.482	0.255	1.25	
45 PGA FACTOR ROUNDED TO NEAREST .001	28.574	33.614	-5.040	-14.99	20.738	20.482	0.256	1.25	

State of Florida

Commissioners:
SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



DIVISION OF RECORDS &
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(904) 413-6770

Public Service Commission

December 16, 1996

Mr. Stephen C. Thompson
Chesapeake Utilities Corporation
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Winter Haven, Florida 33883-0960

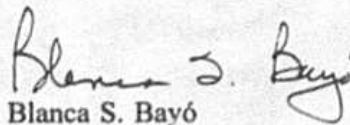
RE: Docket No. 960003-GU -- Chesapeake Utilities Corporation
PGA Audit Report - Period Ended September 30, 1996
Audit Control # 96-151-3-1

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,


Blanca S. Bayo

BSB/cls
Enclosure
cc: Public Counsel
Gatlin Law Firm