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TIMOTHY DEVLIN, Director
Auditing & Financial Analysis
(904) 413-6480

Public Service Commission

May 30, 1996

West Florida Natural Gas Company
Jeff Householder
301 Maple Avenue
Panama City, FL 32401-4866

Dear Mr. Householder:

Docket No. 960003-GU -- West Florida Natural Gas Company
PGA Audit Request - Period Ending September 30, 1996

The Florida Public Service Commission will review the Purchased Gas Cost Recovery True-up in accordance with Commission audit procedures. Auditors may select one or more accounts for detailed examination. Access may be requested to documents and records supporting affiliate company transactions that affect regulated operations. Staff auditors may also request to review the firm's external audit working papers for the most recent independent audit. John Grayson, the district office supervisor, (904) 413-6338, will coordinate this audit.

Rule 25-7.014(5), F.A.C., states that, "Upon direction of the Commission, or in the performance of delegated staff duties, any member of the Commission may make at any reasonable time a personal visit to the utility's offices or other places of business, and may inspect any facility, records, accounts, books, reports, and papers of the utility which appear necessary in the discharge of Commission duties. During such visits the company shall provide staff member(s) with adequate and comfortable working and filing space, consistent with the prevailing conditions and climate and comparable with the accommodations provided the company's outside auditors".

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West Florida Natural Gas Company

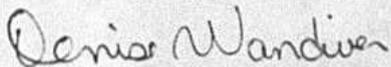
May 30, 1996

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A formal audit report will be issued for internal official use only by the Commission on or about December 9, 1996. A copy of the final report will be mailed to the company liaison officer listed in the Commission Mailing Directory. Comments should be mailed to the Director of Records and Reporting within ten days after receipt.

Questions regarding the audit or staff conduct should be directed to John Grayson or myself (904) 413-6487.

Sincerely,



Denise N. Vandiver

DNV/sp

Enclosure: (1) Excerpts from Rule 25-22.006, F.A.C.
and 366.093, F.S.

cc: Mary Bane Andrews, Deputy Executive Director/Tech. (w/o enclosure)
Field Audit Supervisor
Legal Services (w/o enclosure)
Division of Records and Reporting (w/o enclosure)
Public Counsel