

ORIGINAL

MEMORANDUM

August 13, 1998

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*

RE: DOCKET NO. 980003-GU -- CITY GAS COMPANY OF FLORIDA
 AUDIT REPORT - PGA - SIX-MONTH PERIOD ENDED MARCH 31, 1998
 AUDIT CONTROL NO. 98-160-4-2

The unclassified portions of the above-referenced audit report are forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on one confidential diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

City Gas Company of Florida
 Michael Palecki
 955 East 25th Street
 Hialeah, FL 33013-3498

DNV/sp

Attachment

cc: Chairman Johnson
 Commissioner Clark
 Commissioner Deason
 Commissioner Garcia
 Commissioner Jacobs
 Mary Andrews Bane, Deputy Executive Director/Technical
 Legal Services
 Division of Auditing and Financial Analysis (Devlin/Causseaux/
 File Folder)
 Division of Electric and Gas (Jenkins)
 Miami District Office (Welch)

Research and Regulatory Review (Harvey)
 Office of Public Counsel

DOCUMENT NUMBER-DATE

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FRSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING*

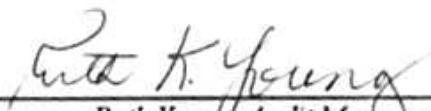
MIAMI DISTRICT OFFICE

CITY GAS COMPANY

PURCHASED GAS ADJUSTMENT

SIX MONTHS ENDED MARCH 31, 1998

DOCKET NO. 980003-GU
AUDIT CONTROL NO. 98-160-4-2



Ruth Young, Audit Manager



Kathy Welch, Audit Supervisor

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**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT**

August 5, 1998

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Purchased Gas Adjustment Schedules A-2 for the six months ending March 31, 1998. These schedules were prepared by the utility as part of its Purchased Gas Adjustment true-up filings in Docket No. 970003-GU. There is confidential information associated with this audit filed with the Division of Records and Reporting separately. The audit exit conference was held on August 5, 1998.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should 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.

In our opinion, the schedules referred to above present fairly, in all material respects, the utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission. The attached findings discuss all differences and other matters which were noted during our examination.

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:

Scanned - The documents or accounts were read quickly looking for obvious errors.

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

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

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

Revenues: Verified two months of revenues. Traced revenues and terms to billing system summaries. Determined if accruals were reversed. Determined if the rates charged were over the cap. Recalculated customer bills for each rate class.

Expenses:

Compiled cost of gas expenses for the months of October, 1997 through March, 1998. Examined all invoices for two months. Where the parent company allocated a portion of the gas invoices to City Gas, the allocation percents were traced to appropriate documentation. Off-system sales were examined for one month to determine if the correct amounts were deducted from the cost of gas. Margin sharing for off-system sales for one month were recalculated. Storage cost and margin sharing allocation percents were agreed to the basis of the allocation.

True-up and Interest:

Recalculated the true-up and interest amounts for the six months. Traced interest rates to the Wall Street Journal.

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IV. Exhibits

Staff Recalculated true-up for the Six Months Ended March 31, 1998

Schedule A-2 for the months of November 1997 through March 1998

Company: City Gas Company
 Title: True-up & Interest Calculations
 Period: SIX MONTHS ENDED MARCH 31, 1998

Interest Rates per Wall Street Journal Commercial Paper
 Interest - first day reporting Month 1 5.530%
 30 day commercial paper rate per Tallahassee memo Month 2 5.530%
 Month 3 5.600%
 Month 4 5.750%
 Month 5 5.500%
 Month 6 5.530%
 Interest - first day reporting of subsequent month 5.57%

INTEREST RATES

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Beginning	5.530%	5.530%	5.600%	5.750%	5.500%	5.530%
Ending	5.530%	5.600%	5.750%	5.500%	5.530%	5.550%
Total	11.060%	11.130%	11.350%	11.250%	11.030%	11.080%
Average	5.530%	5.567%	5.677%	5.627%	5.517%	5.540%
Monthly Average	0.461%	0.467%	0.477%	0.460%	0.460%	0.462%

THIS CALCULATION REFLECTS THE ADJUSTMENTS INCLUDED IN AUDIT EXCEPTIONS 1 AND 2.

CALCULATION OF TRUE-UP

Total Gas revenues-out of tax	2,631,030	3,222,946	3,340,406	2,849,644	1,976,519	2,496,899	16,517,444
Prior True-up - Note A	(376,194)	(376,194)	(376,194)	(376,194)	(376,194)	(376,194)	(2,257,164)
Total gas revenue to current period	2,254,836	2,846,752	2,964,212	2,473,450	1,600,325	2,120,705	14,260,280
Gas Cost - Note C	2,806,270	3,030,721	2,604,420	2,760,073	3,040,220	2,670,517	16,902,221
True-up this period	(551,434)	(173,969)	359,792	(286,623)	(1,439,895)	(549,812)	(2,641,941)
Interest provision	8,509	8,665	11,096	12,985	10,532	7,792	59,598
True-up & interest beginning - Note B	1,934,035	1,767,304	1,978,194	2,725,275	2,827,831	1,774,682	1,934,035
Prior true-up coll. refunded	376,194	376,194	376,194	376,194	376,194	376,194	2,257,164
FGT PGA TRUE UP ALL							0
Rate Case Refund Balance							
Total net true-up	1,767,304	1,978,194	2,725,275	2,827,831	1,774,682	1,608,836	1,608,836
True-up for the month CO. FILING	1,767,307	2,044,220	2,787,648	2,890,503	1,837,652	1,672,123	1,672,123
Difference	(3)	(66,026)	(62,373)	(62,672)	(62,970)	(63,287)	(63,287)

CALCULATION OF INTEREST

Beginning true up and int.	1,934,035	1,767,304	1,978,194	2,725,275	2,827,831	1,774,682	
Ending true-up before int	1,758,795	1,969,529	2,714,180	2,814,846	1,764,130	1,601,064	
Total	3,692,830	3,736,833	4,692,373	5,540,121	4,591,960	3,375,745	
Average true up	1,846,415	1,868,416	2,346,187	2,770,061	2,295,980	1,687,873	
Interest rate per above	0.46%	0.46%	0.47%	0.47%	0.46%	0.46%	
Interest per staff	8,509	8,665	11,096	12,985	10,532	7,792	59,598
True-up for the month per WP 3-1 P5	8,512	8,822	11,400	13,284	10,830	8,089	60,957
	(3)	(137)	(304)	(259)	(298)	(297)	(1,359)

Source: Company prepared schedule A-2

Note A

THE PRIOR TRUE UP AMOUNT SHOWN ABOVE WAS TRACED TO ORDER 97-0293-POF-GU, Docket No. 970003-GU (TRUE UP TO BE COLLECTED DURING APR 97 THRU MAR 98 - TOTAL \$4,514,328 Undersmoovery divide BY 12 = 376,194

Note B

THE TRUE UP AND INTEREST BEGINNING TOTAL AMOUNT OF \$1,934,035 WAS TRACED TO LAST 12 MONTH PERIOD FILING - (Oct 96 thru Sept 97 IN PRIOR AUDIT WORK PAPERS 40PC3 DOCKET 970003-GU). No exceptions were made in that audit report to change the amounts.

Note C - November 97 - A-2 Gas Cost is \$2,954,854. Add the adjustment for Off System Sales in the amount of 70,774.12 and deduct the incorrect allocation adjustment of \$4,908 for a total of \$3,020,720.10.
 December 97 - A-2 Gas Cost is \$2,608,378. Deduct the incorrect allocation adjustment of \$3938 for a total of \$2,604,420.

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION						SCHEDULE A-2	
CITY GAS COMPANY OF FLORIDA								(REVISED 6/1/94)	
FOR THE PERIOD OF:		APRIL 97		Through		MARCH 98		PAGE 4 OF 11	
		CURRENT MONTH: 10/97		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Flx down line 4+6)	1,954,022	2,209,483	255,461	11.56%	9,624,157	12,026,090	2,402,533	19.98%
2	TRANSP GAS COST (Sch A-1 Flx down line 1+2+3+5)	852,248	1,248,710	396,462	31.75%	6,023,399	8,683,877	2,660,478	30.64%
3	TOTAL	2,806,270	3,458,193	651,923	18.85%	15,647,556	20,710,567	5,063,011	24.45%
4	FUEL REVENUES (Sch A-1 Flx down line 14) (NET OF REVENUE TAX)	2,631,030	3,449,527	818,497	23.73%	20,347,106	20,660,725	313,619	1.52%
5	TRUE-UP (COLLECTED) OR REFUNDED	(376,194)	(376,194)	-	0.00%	(2,633,358)	(2,633,358)	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2,254,836	3,073,333	818,497	26.63%	17,713,748	18,027,367	313,619	1.74%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(551,434)	(384,860)	166,574	-43.28%	2,066,192	(2,683,200)	(4,749,392)	177.00%
8	INTEREST PROVISION-THIS PERIOD (21)	8,512	5,761	(2,751)	-47.75%	(7,356)	(13,467)	(6,111)	45.38%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,934,035	69,559	(1,864,476)	-2680.42%	(2,924,887)	353,297	3,278,184	927.88%
9A	ADJUST BEGINNING ESTIMATE	-	1,184,360	1,184,360	100.00%	-	961,026	961,026	100.00%
9B	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,934,035	1,253,919	(680,116)	-54.24%	(2,924,887)	1,314,323	4,239,210	322.54%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	376,194	376,194	-	0.00%	2,633,358	2,633,358	-	0.00%
10a	Refund (if applicable)	-	-	-	-	-	-	-	-
10b	Refund of interim rate increase	-	-	-	-	-	-	-	-
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	1,767,307	1,251,014	(516,293)	-41.27%	1,767,307	1,251,014	(516,293)	-41.27%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9)	1,934,035	1,253,919	(680,116)	-54.24%				
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	1,758,795	1,245,253	(513,542)	-41.24%				
14	TOTAL (12+13)	3,692,830	2,499,172	(1,193,658)	-47.76%				
15	AVERAGE (50% OF 14)	1,846,415	1,249,586	(596,829)	-47.76%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.05530	0.05530	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05530	0.05530	-	0.00%				
18	TOTAL (16+17)	0.11060	0.11060	-	0.00%				
19	AVERAGE (50% OF 18)	0.05530	0.05530	-	0.00%				
20	MONTHLY AVERAGE (19/12 Months)	0.00461	0.00461	-	0.00%				
21	INTEREST PROVISION (15x20)	8,512	5,761	(2,751)	-47.75%				

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

** Line 8A is an interest adjustment for various gas costs booked out of period.

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2			
CITY GAS COMPANY OF FLORIDA						(REVISED 6/08/94)			
FOR THE PERIOD OF:		APRIL 97		Through		MARCH 98		PAGE 4 OF 11	
	CURRENT MONTH: 11/97		DIFFERENCE		PERIOD TO DATE		DIFFERENCE		
	(A) ACTUAL	(B) ESTIMATE	(C) AMOUNT	(D) %	(E) ACTUAL	(F) ESTIMATE	(G) AMOUNT	(H) %	
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Ftx down line 4+6)	1,591,870	2,406,732	814,862	33.86%	11,216,027	14,433,422	3,217,395	22.29%
2	TRANSP GAS COST (Sch A-1 Ftx down line 1+2+3+5)	1,362,985	1,228,476	(134,509)	-10.95%	7,386,384	9,912,353	2,525,969	25.48%
3	TOTAL	2,954,855	3,635,208	680,353	18.72%	18,602,411	24,345,775	5,743,364	23.59%
4	FUEL REVENUES (Sch A-1 Ftx down line 14) (NET OF REVENUE TAX)	3,222,946	3,626,912	403,966	11.14%	23,570,052	24,287,637	717,585	2.95%
5	TRUE-UP (COLLECTED) OR REFUNDED	(376,194)	(376,194)	-	0.00%	(3,009,552)	(3,009,552)	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2,846,752	3,250,718	403,966	12.43%	20,560,500	21,278,085	717,585	3.37%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(108,103)	(384,490)	(276,387)	71.88%	1,958,089	(3,067,690)	(5,025,779)	163.83%
8	INTEREST PROVISION-THIS PERIOD (21)	8,822	7,074	(1,748)	-24.71%	1,466	(6,393)	(7,859)	122.93%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,767,307	1,251,014	(516,293)	-41.27%	(2,924,887)	353,297	3,278,184	927.88%
9A	ADJUST BEGINNING ESTIMATE	-	277,753	277,753	100.00%	-	1,238,779	1,238,779	100.00%
9B	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,767,307	1,528,767	(238,540)	-15.60%	(2,924,887)	1,592,076	4,516,963	283.72%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	376,194	376,194	-	0.00%	3,009,552	3,009,552	-	0.00%
10a	Refund (if applicable)	-	-	-	-	-	-	-	-
10b	Refund of interim rate increase	-	-	-	-	-	-	-	-
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	2,044,220	1,527,545	(516,675)	-33.82%	2,044,220	1,527,545	(516,675)	-33.82%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9)	1,767,307	1,528,767	(238,540)	-15.60%				
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	2,035,398	1,520,471	(514,927)	-33.87%				
14	TOTAL (12+13)	3,802,705	3,049,238	(753,467)	-24.71%				
15	AVERAGE (50% OF 14)	1,901,353	1,524,619	(376,734)	-24.71%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.05530	0.05530	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05600	0.05600	-	0.00%				
18	TOTAL (16+17)	0.11130	0.11130	-	0.00%				
19	AVERAGE (50% OF 18)	0.05565	0.05565	-	0.00%				
20	MONTHLY AVERAGE (19/12 Months)	0.00464	0.00464	-	0.00%				
21	INTEREST PROVISION (15x20)	8,822	7,074	(1,748)	-24.71%				

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

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2 (REVISED 6/08/94) PAGE 4 OF 11			
CITY GAS COMPANY OF FLORIDA		APRIL 97		Through		MARCH 98			
FOR THE PERIOD OF:		CURRENT MONTH: 12/97		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Fx down line 4+6)	1,276,784	1,756,759	479,975	27.32%	12,492,811	12,972,786	479,975	3.70%
2	TRANSP GAS COST (Sch A-1 Fx down line 1+2+3+5)	1,331,594	1,266,529	(65,065)	-5.14%	8,717,978	8,652,913	(65,065)	-0.75%
3	TOTAL	2,608,378	3,023,288	414,910	13.72%	21,210,789	21,625,699	414,910	1.92%
4	FUEL REVENUES (Sch A-1 Fx down line 14) (NET OF REVENUE TAX)	3,340,406	3,015,896	(324,510)	-10.76%	26,910,458	26,585,948	(324,510)	-1.22%
5	TRUE-UP (COLLECTED OR REFUNDED)	(376,194)	(376,194)	-	0.00%	(3,385,746)	(3,385,746)	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2,964,212	2,639,702	(324,510)	-12.29%	23,524,712	23,200,202	(324,510)	-1.40%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	355,834	(383,586)	(739,420)	192.77%	2,313,923	1,574,503	(739,420)	-46.96%
8	INTEREST PROVISION - THIS PERIOD (21)	11,400	10,275	(1,125)	-10.95%	12,866	11,741	(1,125)	-9.58%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	2,044,220	2,044,220	-	0.00%	(2,924,887)	(2,924,887)	-	0.00%
9A	ADJUST BEGINNING ESTIMATE	-	131,784	131,784	100.00%	-	131,784	131,784	100.00%
9B	BEGINNING OF PERIOD TRUE-UP AND INTEREST	2,044,220	2,176,004	131,784	6.06%	(2,924,887)	(2,793,103)	131,784	-4.72%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	376,194	376,194	-	0.00%	3,385,746	3,385,746	-	0.00%
10a	Refund (if applicable)	-	-	-	---	-	-	-	---
10b	Refund of interim rate increase	-	-	-	---	-	-	-	---
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	2,787,648	2,178,887	(608,761)	-27.94%	2,787,648	2,178,887	(608,761)	-27.94%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9)	2,044,220	2,176,004	131,784	6.06%				
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	2,776,248	2,168,612	(607,636)	-28.02%				
14	TOTAL (12+13)	4,820,468	4,344,616	(475,852)	-10.95%				
15	AVERAGE (50% OF 14)	2,410,234	2,172,308	(237,926)	-10.95%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.05600	0.05600	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05750	0.05750	-	0.00%				
18	TOTAL (16+17)	0.11350	0.11350	-	0.00%				
19	AVERAGE (50% OF 18)	0.05675	0.05675	-	0.00%				
20	MONTHLY AVERAGE (19/12 Months)	0.00473	0.00473	-	0.00%				
21	INTEREST PROVISION (15x20)	11,400	10,275	(1,125)	-10.95%				

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

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION						SCHEDULE A-2	
CITY GAS COMPANY OF FLORIDA		APRIL 97		Through		MARCH 98		(REVISED 6/08/94)	
FOR THE PERIOD OF:		CURRENT MONTH: 1/98		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Flx down line 4+6)	1 447 344	1 963 632	516 288	26 29%	13 940 155	14 936 418	996 263	6 67%
2	TRANSP GAS COST (Sch A-1 Flx down line 1+2+3+5)	1 312 729	1 268 557	(44 172)	-3 48%	10 030 707	9 921 470	(109 237)	-1 10%
3	TOTAL	2 760 073	3 232 189	472 116	14 61%	23 970 862	24 857 888	887 026	3 57%
4	FUEL REVENUES (Sch A-1 Flx down line 14) (NET OF REVENUE TAX)	2 849 644	3 226 005	376 361	11 67%	29 760 102	29 811 953	51 851	0 17%
5	TRUE-UP (COLLECTED) OR REFUNDED	(376 194)	(376 194)	-	0 00%	(3 761 940)	(3 761 940)	-	0 00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2 473 450	2 849 811	376 361	13 21%	25 998 162	26 050 013	51 851	0 20%
7	TRUE-UP PROVISION THIS PERIOD (LINE 6 - LINE 3)	(286 673)	(382 378)	(95 755)	25 04%	2 027 300	1 192 125	(835 175)	70 06%
8	INTEREST PROVISION THIS PERIOD (21)	13 284	8 390	(4 894)	-58 33%	26 150	20 131	(6 019)	29 90%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	2 787 648	2 178 887	(608 761)	27 94%	(2 924 887)	(2 924 887)	-	0 00%
9A	ADJUST BEGINNING ESTIMATE	-	(386 892)	(386 892)	100 00%	-	(255 108)	(255 108)	100 00%
9B	BEGINNING OF PERIOD TRUE-UP AND INTEREST	2 787 648	1 791 995	(995 653)	-55 56%	(2 924 887)	(3 179 995)	(255 108)	8 02%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	376 194	376 194	-	0 00%	3 761 940	3 761 940	-	0 00%
10a	Refund (if applicable)	-	-	-	-	-	-	-	-
10b	Refund of interim rate increase	-	-	-	-	-	-	-	-
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	2 890 503	1 794 201	(1 096 302)	61 10%	2 890 503	1 794 201	(1 096 302)	61 10%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9)	2 787 648	1 791 995	(995 653)	55 56%	-	-	-	-
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	2 877 219	1 785 811	(1 091 408)	61 12%	-	-	-	-
14	TOTAL (12+13)	5 664 867	3 577 806	(2 087 061)	-58 33%	-	-	-	-
15	AVERAGE (50% OF 14)	2 832 434	1 788 903	(1 043 531)	-58 33%	-	-	-	-
16	INTEREST RATE - FIRST DAY OF MONTH	0 05750	0 05750	-	0 00%	-	-	-	-
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0 05500	0 05500	-	0 00%	-	-	-	-
18	TOTAL (16+17)	0 11250	0 11250	-	0 00%	-	-	-	-
19	AVERAGE (50% OF 18)	0 05625	0 05625	-	0 00%	-	-	-	-
20	MONTHLY AVERAGE (19/12 Months)	0 00469	0 00469	-	0 00%	-	-	-	-
21	INTEREST PROVISION (15x20)	13 284	8 390	(4 894)	-58 33%	-	-	-	-

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

17

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION						SCHEDULE A-2	
CITY GAS COMPANY OF FLORIDA		APRIL 97		Through		MARCH 98		(REVISED 6/08/94)	
FOR THE PERIOD OF:		CURRENT MONTH: 2/98		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Flx down line 4+6)	1,867,078	1,572,448	(294,630)	-16.74%	15,807,233	16,508,866	701,633	4.25%
2	TRANSP GAS COST (Sch A-1 Flx down line 1+2+3+5)	1,173,142	1,078,135	(95,007)	-8.81%	11,203,849	10,999,605	(204,244)	-1.86%
3	TOTAL	3,040,220	2,650,583	(389,637)	-14.70%	27,011,082	27,508,471	497,389	1.81%
4	FUEL REVENUES (Sch A-1 Flx down line 14) (NET OF REVENUE TAX)	1,976,519	2,644,992	668,473	25.27%	31,736,621	24,456,945	7,279,676	29.74%
5	TRUE-UP (COLLECTED) OR REFUNDED	(376,194)	(376,194)	-	0.00%	(4,138,134)	(4,138,134)	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	1,600,325	2,268,798	668,473	29.46%	27,598,487	26,318,811	1,279,676	4.63%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(1,439,895)	(381,784)	1,058,111	-27.71%	587,405	810,341	222,936	27.51%
8	INTEREST PROVISION-THIS PERIOD (21)	10,850	14,222	3,372	23.71%	37,000	34,353	(2,647)	-7.17%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	2,890,503	1,794,201	(1,096,302)	-61.10%	(2,924,887)	(2,924,887)	-	0.00%
9A	ADJUST BEGINNING ESTIMATE	-	1,300,295	1,300,295	100.00%	-	1,045,187	1,045,187	100.00%
9B	BEGINNING OF PERIOD TRUE-UP AND INTEREST	2,890,503	3,094,496	203,993	6.59%	(2,924,887)	(1,879,700)	(1,045,187)	-55.60%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	376,194	376,194	-	0.00%	4,138,134	4,138,134	-	0.00%
10a	Refund (if applicable)	-	-	-	---	-	-	-	---
10b	Refund of interim rate increase	-	-	-	---	-	-	-	---
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	1,837,652	3,103,128	1,265,476	40.78%	1,837,652	3,103,128	1,265,476	40.78%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9)	2,890,503	3,094,496	203,993	6.59%	-	-	-	-
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	1,826,802	3,088,906	1,262,104	40.86%	-	-	-	-
14	TOTAL (12+13)	4,717,305	6,183,402	1,466,097	23.71%	-	-	-	-
15	AVERAGE (50% OF 14)	2,358,653	3,091,701	733,048	23.71%	-	-	-	-
16	INTEREST RATE - FIRST DAY OF MONTH	0.05500	0.05500	-	0.00%	-	-	-	-
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05530	0.05530	-	0.00%	-	-	-	-
18	TOTAL (16+17)	0.11030	0.11030	-	0.00%	-	-	-	-
19	AVERAGE (50% OF 18)	0.05515	0.05515	-	0.00%	-	-	-	-
20	MONTHLY AVERAGE (19/12 Months)	0.00460	0.00460	-	0.00%	-	-	-	-
21	INTEREST PROVISION (15x20)	10,850	14,222	3,372	23.71%	-	-	-	-

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

COMPANY:

CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE A-2

CITY GAS COMPANY OF FLORIDA

(REVISED 6/05/94)

FOR THE PERIOD OF:

APRIL 97

Through

MARCH 98

PAGE 4 OF 11

	CURRENT MONTH: 3/98		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
TRUE-UP CALCULATION								
1 PURCHASED GAS COST (Sch A-1 Flx down line 4+6)	1,416,760	1,535,062	118,302	7.71%	17,223,993	18,043,928	819,935	4.54%
2 TRANSP GAS COST (Sch A-1 Flx down line 1+2+3+5)	1,253,757	1,185,638	(68,119)	-5.75%	12,457,606	12,185,243	(272,363)	-2.24%
3 TOTAL	2,670,517	2,720,700	50,183	1.84%	29,681,599	30,229,171	547,572	1.81%
4 FUEL REVENUES (Sch A-1 Flx down line 14) (NET OF REVENUE TAX)	2,496,899	2,714,249	217,350	8.01%	34,233,520	35,171,194	937,674	2.67%
5 TRUE-UP (COLLECTED) OR REFUNDED	(376,194)	(376,194)	-	0.00%	(4,514,328)	(4,514,328)	-	0.00%
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2,120,705	2,338,055	217,350	9.30%	29,719,192	30,656,866	937,674	3.06%
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(549,812)	(382,646)	167,166	-43.69%	37,593	427,695	390,102	91.21%
8 INTEREST PROVISION-THIS PERIOD (21)	8,089	10,773	2,684	24.91%	45,089	45,126	37	0.08%
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,837,652	3,103,128	1,265,476	40.78%	(2,924,887)	(2,924,887)	-	0.00%
9A ADJUST BEGINNING ESTIMATE	-	(768,163)	(768,163)	100.00%	-	277,024	277,024	100.00%
9B BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,837,652	2,334,965	497,313	21.30%	(2,924,887)	(2,647,863)	277,024	-10.46%
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	376,194	376,194	-	0.00%	4,514,328	4,514,328	-	0.00%
10a Refund (if applicable)	-	-	-	---	-	-	-	---
10b Total of interim rate increase	-	-	-	---	-	-	-	---
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	1,672,123	2,339,286	667,163	28.52%	1,672,123	2,339,286	667,163	28.52%
INTEREST PROVISION								
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	1,837,652	2,334,965	497,313	21.30%				
13 ENDING TRUE-UP BEFORE INTEREST (12 + 10a + 10b + 7 - 5)	1,664,034	2,328,513	664,479	28.54%				
14 TOTAL (12+13)	3,501,686	4,663,478	1,161,792	24.91%				
15 AVERAGE (50% OF 14)	1,750,843	2,331,739	580,896	24.91%				
16 INTEREST RATE - FIRST DAY OF MONTH	0.05530	0.05530	-	0.00%				
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05550	0.05550	-	0.00%				
18 TOTAL (16+17)	0.11080	0.11080	-	0.00%				
19 AVERAGE (50% OF 18)	0.05540	0.05540	-	0.00%				
20 MONTHLY AVERAGE (19/12 Months)	0.00462	0.00462	-	0.00%				
21 INTEREST PROVISION (15x20)	8,089	10,773	2,684	24.91%				

* If line 5 is a refund add to line 4

If line 5 is a collection () subtract from line 4

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



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

Public Service Commission

August 14, 1998

Michael Palecki
City Gas Company of Florida
955 East 25th Street
Hialeah, Florida 33013-3498

Re: Docket No. 980003 - GU - City Gas Company of Florida
Audit Report - PGA - Six Months Ended March 31, 1998
Audit Control # 98-160-4-2

Dear Mr. Palecki:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above case 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/abf
Enclosure
cc: Public Counsel
Division of Audit and Financial Analysis