

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 6, 2025

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lynn Deamer, Bureau Chief, Office of Auditing & Performance Analysis *LD*

RE: Docket No.: 20250003-GU
Company Name: St. Joe Natural Gas Company, Inc.
Company Code: GU610
Audit Purpose: A3c: Purchased Gas Cost Recovery Clause (PGA)
Audit Control No.: 2025-016-1-4

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

St. Joe Natural Gas Company, Inc.
Purchased Gas Cost Recovery Clause

Twelve Months Ended December 31, 2024

Docket No. 20250003-GU
Audit Control No. 2025-016-1-4

August 6, 2025

A handwritten signature in black ink, appearing to read "G. Dearmond", written over a horizontal line.

Gabrielle Dearmond
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn Deamer", written over a horizontal line.

Lynn Deamer
Audit Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Economics in its audit service request dated January 8, 2025. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by St. Joe Natural Gas Company, Inc. in support of its 2024 filing for the Purchased Gas Cost Recovery Clause in Docket No. 20250003-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the St. Joe Natural Gas Company, Inc.
PGA refers to the Purchased Gas Cost Recovery Clause.

Revenue

Operating Revenue

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2024, through December 31, 2024, and whether the Company applied the Commission-approved cost recovery factor to actual therm sales for the PGA.

Procedures: We recalculated the 2024 Company's revenues and reconciled them to the Company's filing. We sampled two customer bills from each month of 2024 to verify that the Commission-approved rates were used. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expense listed on the Company's filing are supported by adequate documentation and that the expenses are appropriately recoverable through the PGA.

Procedures: We recalculated the expense and traced it in the filing to the general ledger. We judgmentally sampled two invoices for each month of 2024 that were provided by the Company of O&M Expenses for testing. We recalculated all invoices provided by the Company and determined if each invoice was the proper amount, in the proper period, and related to PGA. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule A-2 was properly calculated.

Procedures: We traced the December 31, 2023, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2024, using the Commission-approved beginning balance as of December 31, 2023, the Non-Financial Commercial Paper rates, and the 2024 PGA revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Company's PGA Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2024 to 2023 revenues and expenses. We requested explanations from the Company for significant changes, and the explanations were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up and Interest Provision

COMPANY: ST JOE NATURAL GAS CO

CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE A-2

FOR THE PERIOD OF: JANUARY 2024 Through DECEMBER 2024

| | CURRENT MONTH: | | DECEMBER | | PERIOD TO DATE | | | | |
|--|----------------|------------|------------|----------|--|------------|------------|----------|--|
| | ACTUAL | ESTIMATE | DIFFERENCE | | ACTUAL | ESTIMATE | DIFFERENCE | | |
| | | | AMOUNT | % | | | AMOUNT | % | |
| TRUE-UP CALCULATION | | | | | | | | | |
| 1 PURCHASED GAS COST LINE 4, A/1 | \$51,796 | \$51,798 | 0 | 0 | \$305,917 | \$288,609 | -19,309 | -0.06737 | |
| 2 TRANSPORTATION COST (LINE(1+5+6-(7+8+10a))) | \$11,393 | \$6,872 | -4,521 | -0.65784 | \$153,400 | \$247,485 | 94,085 | 0.380189 | |
| 3 TOTAL | \$63,189 | \$58,668 | -4,521 | -0.07706 | \$459,318 | \$534,104 | 74,786 | 0.140022 | |
| 4 FUEL REVENUES (NET OF REVENUE TAX) | \$48,436 | \$58,668 | 10,230 | 0.174377 | \$578,632 | \$534,104 | -44,528 | -0.08337 | |
| 5 TRUE-UP(COLLECTED) OR REFUNDED | -\$499 | -\$499 | 0 | 0 | -\$5,992 | -\$5,992 | 0 | 0 | |
| 6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5) | \$47,939 | \$58,169 | 10,230 | 0.175874 | \$572,640 | \$528,111 | -44,528 | -0.08432 | |
| 7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3) | -\$15,251 | -\$499 | 14,751 | -29.5408 | \$113,322 | -\$5,992 | -119,314 | 19.91147 | |
| 8 INTEREST PROVISION-THIS PERIOD (21) | \$861 | -\$267 | -927 | 3.475851 | \$7,440 | -\$3,553 | -10,993 | 3.094376 | |
| 9 BEGINNING OF PERIOD TRUE-UP AND | \$183,349 | (\$71,076) | -254,424 | 3.579623 | \$42,503 | (\$87,780) | -110,283 | 1.62698 | |
| 10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5) | 499 | 499 | 0 | 0 | 5,992 | 5,992 | 0 | 0 | |
| 10a FLEX RATE REFUND (if applicable) | \$0 | \$0 | 0 | 0 | \$0 | \$0 | 0 | 0 | |
| 11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a) | \$189,258 | -\$71,343 | -240,600 | 3.372467 | \$189,258 | -\$71,343 | -240,600 | 3.372467 | |
| INTEREST PROVISION | | | | | | | | | |
| 12 BEGINNING TRUE-UP AND INTEREST PROVISION (9) | 183,349 | (71,076) | (254,424) | 3.579623 | If line 5 is a refund add to line 4 | | | | |
| 13 ENDING TRUE-UP BEFORE INTEREST (12+7-5) | 168,597 | (71,076) | (239,673) | 3.372079 | If line 5 is a collection () subtract from line 4 | | | | |
| 14 TOTAL (12+13) | 351,946 | (142,151) | (494,097) | 3.475851 | | | | | |
| 15 AVERAGE (50% OF 14) | 175,973 | (71,076) | (247,049) | 3.475851 | | | | | |
| 16 INTEREST RATE - FIRST DAY OF MONTH | 4.58 | 4.58 | 0 | 0 | | | | | |
| 17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH | 4.43 | 4.43 | 0 | 0 | | | | | |
| 18 TOTAL (16+17) | 9.01 | 9.01 | 0 | 0 | | | | | |
| 19 AVERAGE (50% OF 18) | 4.51 | 4.51 | 0 | 0 | | | | | |
| 20 MONTHLY AVERAGE (19/12 Months) | 0.37542 | 0.37542 | 0 | 0 | | | | | |
| 21 INTEREST PROVISION (15x20) | 861 | -267 | -927 | 3.475851 | | | | | |