

MEMORANDUM

December 11, 1995

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 950003-GU -- CHESAPEAKE UTILITIES CORPORATION  
PGA AUDIT REPORT - PERIOD ENDED SEPTEMBER 30, 1995  
AUDIT CONTROL NO. 95-233-3-1

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The above-referenced audit report is 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 diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Chesapeake Utilities Corporation  
Michael P. McMasters  
350 South Queen Street  
Dover, DE 19901

DNV/sp

Attachment

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

Office of Public Counsel

DOCUMENT NUMBER-DATE

12484 DEC 12 95

FPSC-RECORDS/REPORTING

Florida Public Service Commission

Audit Report

As of September 30, 1995

Field Work Completed

December 1, 1995

Chesapeake Utilities Corporation

Florida Division

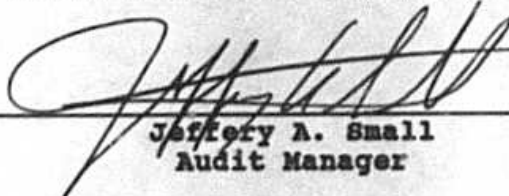
Winter Haven, Florida

Polk County

Purchased Gas Adjustment Audit

Docket No. 950003-GU

Audit Control Number 95-233-3-1



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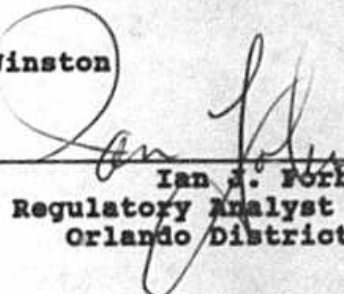
Jeffery A. Small  
Audit Manager

Audit Staff

Charleston J. Winston

Minority Opinion

Yes  No



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Ian J. Forbes  
Regulatory Analyst Supervisor  
Orlando District Office

DOCUMENT NUMBER-DATE

12484 DEC 12 85

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 test year ending September 30, 1995, 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.

**SCOPE LIMITATIONS:** There are no confidential work papers associated with this report. The last day of field work was December 1, 1995, and the audit exit conference was held on December 4, 1995, by telephone.

**DISCLAIM PUBLIC USE:** This is 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 test year ending September 30, 1995, are maintained in substantial compliance with Commission directives.

## **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 1994, March, April, and July 1995.

**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-94-0385-FOF-GU and PSC-95-0350-FOF-GU. Verified that the correct interest rates were applied to under or overrecovered amounts for the twelve months ended September 30, 1995.

COMPANY: FL DIV CUC  
TOTAL COMPANY

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

SCHEDULE A-1  
EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 95063-GU  
CHESAPEAKE UTILITIES CORP.  
AVW-1  
PAGE \_\_\_\_ OF \_\_\_\_

ESTIMATED FOR THE PERIOD OF:

APRIL 95 Through MARCH 96  
CURRENT MONTH: SEPTEMBER PERIOD TO DATE

	ACTUAL	REVISED ESTIMATE	DIFFERENCE		ACTUAL	REVISED ESTIMATE	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
<b>COST OF GAS PURCHASED</b>									
1 COMMODITY (Pipeline)	18,894	13,216	5,678	27.83	124,021	98,775	25,256	25.57	
2 NO NOTICE SERVICE	2,082	2,082	0	0.00	12,700	12,699	1	0.01	
3 SWING SERVICE	0	0	0	0.00	0	0	0	0.00	
4 COMMODITY (Other)	419,883	350,570	69,305	19.77	2,733,847	2,671,771	62,076	2.32	
5 DEMAND	164,300	166,528	(2,228)	-1.34	1,108,258	1,139,824	(31,566)	-2.77	
6 OTHER	(2,529)	646	(3,172)	-491.02	(26,493)	3,878	(30,369)	-783.51	
<b>LESS END-USE CONTRACT</b>									
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)	600,633	533,050	67,583	12.68	3,952,343	3,928,945	23,398	0.65	
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	676,826	493,747	183,129	37.09	4,233,177	3,691,127	542,050	14.69	
<b>THERMS PURCHASED</b>									
15 COMMODITY (Pipeline) BILLING DETERMINANTS ONLY	2,753,310	2,251,490	501,820	22.29	17,761,460	18,505,950	(744,490)	-4.19	
16 NO NOTICE SERVICE BILLING DETERMINANTS ONLY	300,000	300,000	0	0.00	1,830,000	1,830,000	0	0.00	
17 SWING SERVICE COMMODITY	0	0	0	0.00	0	0	0	0.00	
18 COMMODITY (Other) COMMODITY	2,704,917	2,251,490	453,427	20.14	17,111,679	18,505,950	(1,394,271)	-7.56	
19 DEMAND BILLING DETERMINANTS ONLY	2,796,460	2,928,000	(131,540)	-4.49	17,799,400	19,187,070	(1,387,670)	-7.74	
20 OTHER COMMODITY	0	0	0	0.00	0	0	0	0.00	
<b>LESS END-USE CONTRACT</b>									
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)	2,704,917	2,251,490	453,427	20.14	17,111,679	18,505,950	(1,394,271)	-7.56	
25 NET UNBILLED	0	0	0	0.00	0	0	0	0.00	
26 COMPANY USE	420	1,200	(780)	-65.00	3,759	7,200	(3,441)	-47.79	
27 TOTAL THERM SALES	3,054,075	2,251,430	802,645	35.65	19,065,649	18,302,230	763,419	4.17	
<b>CENTS PER THERM</b>									
28 COMMODITY (Pipeline) (1/15)	0.614	0.587	0.027	4.53	0.698	0.598	0.100	16.89	
29 NO NOTICE SERVICE (2/16)	0.694	0.694	0.000	0.00	0.694	0.694	0.000	0.00	
30 SWING SERVICE (3/17)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
31 COMMODITY (Other) (4/18)	15.523	15.571	-0.048	-0.31	15.978	16.187	-0.209	-1.30	
32 DEMAND (5/19)	5.875	5.687	0.188	3.30	6.226	5.941	0.286	4.81	
33 OTHER (6/20)	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
<b>LESS END-USE CONTRACT</b>									
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	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	
37 TOTAL COST OF PURCHASES (11/24)	22.205	23.675	-1.470	-6.21	23.097	23.791	-0.694	-2.92	
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)	19.667	23.676	-4.009	-16.93	20.730	24.088	-3.358	-13.94	
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)	18.331	22.340	-4.009	-17.95	19.394	22.752	-3.358	-14.76	
43 RECOVERY TAX FACTOR	1.01911	1.01911	0.00000	0	1.01911	1.01911	0.00000	0	
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	18.681	22.767	-4.086	-17.95	19.765	23.187	-3.422	-14.76	
45 PGA FACTOR ROUNDED TO NEAREST 001	18.681	22.767	-4.086	-17.95	19.765	23.187	-3.422	-14.76	

EXHIBIT



State of Florida

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



DIVISION OF RECORDS &  
REPORTING  
BLANCA S. BAYO  
DIRECTOR  
(904) 413-6770

**Public Service Commission**

December 12, 1995

Mr. Michael P. McMasters  
Chesapeake Utilities Corporation  
350 South Queen Street  
Dover, Delaware 19901

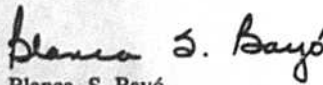
Dear Mr. McMasters:

RE: Docket No. 950003-GU -- Chesapeake Utilities Corporation  
PGA Audit Report - Period Ended September 30, 1995  
Audit Control #95-233-3-1

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/mas  
Enclosure  
cc: Public Counsel  
Gatlin Law Firm