

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: July 21, 2022

TO: Office of the Commission Clerk

FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis *TMB m RH*

RE: Docket No.: 20220004-GU
Company Name: St. Joe Natural Gas Company
Company Code: GU610
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery
Audit Control No.: 2022-024-1-2

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.

TMB/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

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

Twelve Months Ended December 31, 2021

Docket No. 20220004-GU
Audit Control No. 2022-024-1-2
July 20, 2022

A handwritten signature in cursive script, appearing to read "Demetrius Jones", written over a horizontal line.

Demetrius Jones
Audit Manager

A handwritten signature in cursive script, appearing to read "Marisa N. Glover", written over a horizontal line.

Marisa N. Glover
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 24, 2022. 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 2021 filing for the Gas Conservation Cost Recovery in Docket No. 20220004-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to St. Joe Natural Gas Company, Inc.
GCCR refers to the Gas Conservation Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2021, through December 31, 2021, and whether the Utility applied the Commission–approved cost recovery factor to actual therm sales.

Procedures: We computed revenues using the factors in Order No. PSC-2020-0436-FOF-GU, issued November 16, 2020. We calculated actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. We selected a random sample of residential and commercial customers’ bills and recalculated each to verify the use of the correct tariff rate. No further work was performed.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expense listed on the Utility’s Schedule CT-3 of the Utility’s GCCR filing are supported by adequate documentation and that the expenses are appropriately recoverable through the GCCR.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, was charged to the correct accounts, and was appropriately recoverable through the GCCR. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2020, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2021, using the Commission-approved beginning balance as of December 31, 2020, the Non-Financial Commercial Paper rates, and the 2021 GCCR filing revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2021 to 2020 revenues and expenses. Audit staff determined there was a 33.79% increase in Residential New Construction. The 33.79% increase was due to a influx of rebuilding from the damage caused by Hurricane Michael in 2018. No further work was performed.

Audit Findings

None

Exhibit

Exhibit 1: True Up

CONSERVATION REVENUES	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1 RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2 OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3 CONSERV. ADJ REVS	(63,027)	(46,380)	(38,853)	(31,140)	(27,805)	(23,178)	(19,581)	(23,067)	(17,680)	(23,172)	(25,996)	(33,282)	(372,971)
4 TOTAL REVENUES	(63,027)	(46,380)	(38,853)	(31,140)	(27,805)	(23,179)	(19,581)	(23,067)	(17,089)	(23,172)	(25,996)	(33,282)	(372,971)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	89,273
6 CONSERVATION REVS APPLICABLE TO THE PERIOD	(55,587)	(38,941)	(31,214)	(23,701)	(20,365)	(15,740)	(12,141)	(15,628)	(10,250)	(15,733)	(18,558)	(25,842)	(263,688)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	18,125	16,050	11,925	19,400	10,125	23,000	15,750	21,850	17,650	13,175	5,700	8,900	179,450
8 TRUE-UP THIS PERIOD	(37,462)	(22,891)	(19,289)	(4,301)	(10,240)	7,260	3,809	6,022	7,400	(2,558)	(12,858)	(18,942)	(104,248)
9 INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	4	2	0	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(4)	(5)	(13)
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	89,273	44,376	14,047	(12,681)	(24,422)	(42,103)	(42,283)	(45,115)	(47,534)	(47,576)	(57,575)	(77,874)	
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	(7,439)	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	44,376	14,047	(12,681)	(24,422)	(42,103)	(42,283)	(45,115)	(47,534)	(47,576)	(57,575)	(77,874)	(104,261)	(104,261)

St Joe Natural Gas
Docket No. 20220004-GU
Exhibit# DKS-1
2021 Conservation True-Up
Filed: May 2, 2022

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2021 THROUGH DECEMBER 2021