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State of Florida

Public Service Commission

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

DATE: July 29, 2026

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

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis LD

RE: Docket No.: 20260004-GU
Company Name: St. Joe Natural Gas Company
Company Code: GU610
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery Clause
Audit Control No.: 2026-015-1-7

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of theis memo and audit report. If the Utility desired 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 Audit & 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.
Natural Gas Conservation Cost Recovery

Twelve Months Ended December 31, 2025

Docket No. No. 20260004-GU
Audit Control No. No. 2026-015-1-7
July 29, 2026

Grayson DiBernardo
Audit Manager

Lynn Deamer
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 15, 2026. We have applied these procedures to the attached summary exhibits and to several related Schedules prepared by St. Joe Natural Gas Company, Inc. in support of its 2025 filing for the Natural Gas Conservation Cost Recovery in Docket No. 20260004-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.
GCCR refers to the Natural Gas Conservation Cost Recovery.

Revenue

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2025, through December 31, 2025, and whether the Company applied the Commission approved cost recovery factor to actual therm sales for the GCCR.

Procedures: We recalculated revenues using the Commission-approved factors and the actual therm sales from the Gross Margin Report and reconciled them to the general ledger and Schedule CT-3. We examined a sample of residential and commercial customers' bills and recalculated them to verify the correct tariff rate was used. No exceptions were noted.

Expense

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

Procedures: We recalculated the expenses from the general ledger and traced to Schedule CT-3. 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, charged to the correct accounts, and appropriately recoverable through the GCCR. The Company did not have any Advertising, Labor & Payroll, Legal & Outside Services, and Common Cost expenses. We traced the program participants of Rebates to Schedule CT-5 and determined that the program participants were properly reflected in the Filing. 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, 2024, True-Up Provision to the Commission Order No. PSC-2024-0486-FOF-GU. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission approved beginning balance as of December 31, 2024, the Non-financial Commercial Paper rates, and the 2025 GCCR revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2025 to 2024 revenues and expenses. We requested explanations from the Company for any significant variances. The explanations provided by the Company were sufficient. No further work performed.

Audit Findings

None

<u>Exhibits</u>

Exhibit 1: True-Up

SCHEDULE CT-3
PAGE 2 OF 3

St Joe Natural Gas
Docket No. 20260004-GU
Exhibit# DKS-1
2025 Conservation True-Up
Filed: April 30, 2026

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2025 THROUGH DECEMBER 2025

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 RE	0	0	0	0	0	0	0	0	0	0	0	0	0 0
3. CONSERV. ADJ REVS	(26,681)	(19,142)	(14,885)	(15,741)	(10,659)	(10,510)	(10,098)	(7,233)	(7,207)	(9,407)	(11,024)	(15,008)	(157,596)
4. TOTAL REVENUES	(26,681)	(19,142)	(14,885)	(15,741)	(10,659)	(10,510)	(10,098)	(7,233)	(7,207)	(9,407)	(11,024)	(15,008)	(157,596)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(3,379)	(40,548)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(30,060)	(22,521)	(18,264)	(19,120)	(14,038)	(13,889)	(13,477)	(10,612)	(10,586)	(12,786)	(14,403)	(18,387)	(198,144)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	7,350	15,400	14,750	9,325	11,850	18,400	6,850	13,500	9,025	2,550	3,800	3,950	116,750
8. TRUE-UP THIS PERIOI	(22,710)	(7,121)	(3,514)	(9,795)	(2,188)	4,511	(6,627)	2,888	(1,561)	(10,236)	(10,603)	(14,437)	(81,394)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(182)	(222)	(230)	(243)	(255)	(238)	(229)	(223)	(204)	(205)	(224)	(247)	(2,704)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTI	(40,548)	(60,062)	(64,026)	(64,392)	(71,051)	(70,115)	(62,464)	(65,942)	(59,897)	(58,283)	(65,345)	(72,793)	
11. PRIOR TRUE-UP COLLECTED/(REFUNC	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+1'	(60,062)	(64,026)	(64,392)	(71,051)	(70,115)	(62,464)	(65,942)	(59,897)	(58,283)	(65,345)	(72,793)	(84,098)	(84,098)

Exhibit 2: Interest Provision

SCHEDULE CT-3
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St Joe Natural Gas
Docket No. 20260004-GU
Exhibit# DKS-1
2025 Conservation True-Up
Filed: April 30, 2026

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS. JANUARY 2025 THROUGH DECEMBER 2025

INTEREST PROVISION	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. BEGINNING TRUE-UP	(40,548)	(60,062)	(64,028)	(64,392)	(71,051)	(70,115)	(62,464)	(65,942)	(59,897)	(58,283)	(65,345)	(72,793)	
2. ENDING TRUE-UP BEFORE INTEREST	(59,879)	(63,804)	(64,162)	(70,808)	(69,861)	(62,226)	(65,712)	(59,675)	(58,079)	(65,140)	(72,569)	(83,851)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(100,427)	(123,866)	(128,188)	(135,200)	(140,912)	(132,341)	(128,177)	(125,616)	(117,976)	(123,423)	(137,915)	(156,644)	
4 AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(50,214)	(61,933)	(64,094)	(67,600)	(70,456)	(66,170)	(64,089)	(62,808)	(58,988)	(61,712)	(68,957)	(78,322)	
5. INTER. RATE - 1ST DAY OF REPORTING MONT	4.43%	4.29%	4.32%	4.30%	4.33%	4.34%	4 31%	4 28%	4.23%	4 08%	3.91%	3 88%	
6 INTER. RATE - 1ST DAY OF SUBSEQUENT MOI	4 29%	4.32%	4 30%	4.33%	4 34%	4 31%	4 28%	4.23%	4.08%	3.91%	3 88%	3 69%	
7. TOTAL (SUM LINES 5 8	8.72%	8.61%	8 62%	8 63%	8 67%	8.65%	8.59%	8.51%	8.31%	7.99%	7 79%	7.57%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	4.36%	4.31%	4.31%	4.32%	4 34%	4.33%	4.30%	4.26%	4.16%	4.00%	3 90%	3.79%	
9 MONTHLY AVG INTEREST RATE	0 36%	0.36%	0 36%	0.36%	0 36%	0.36%	0 36%	0.35%	0 35%	0 33%	0.32%	0.32%	
10 INTEREST PROVISION (LINE 4 TIMES LINE 9)	(182)	(222)	(230)	(243)	(255)	(238)	(229)	(223)	(204)	(205)	(224)	(247)	-2,704