

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: September 13, 2007
TO: Daniel Q. Lee, Engineering Specialist IV, Division of Economic Regulation
FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance
RE: Docket No: 070003-GU; Company Name: Florida City Gas;
Audit Purpose: Purchased Gas Adjustment 2006 Supplement;
Audit Control No: 07-067-4-1

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 the response to the Division of Commission Clerk. There are confidential work papers associated with this audit.

DNV:sbj
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of Commission Clerk (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

Mr. Charles A. Rawson, III
Florida City Gas
4180 South U.S. Highway 1
Rockledge, FL 32955

Akerman Law Firm
Beth Keating
106 E. College Ave., Suite 1200
Tallahassee, FL 32301

RECEIVED-PPSC
SEP 13 PM 3:31
COMMISSION
CLERK

DOCUMENT NUMBER - DATE

08330 SEP 13 5

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE

Miami District Office

FLORIDA CITY GAS

PURCHASED GAS ADJUSTMENT
SUPPLEMENT

HISTORICAL YEAR ENDED DECEMBER 31, 2006

DOCKET NO. 070003-GU
AUDIT CONTROL NO. 07-067-4-1

A handwritten signature in cursive script, reading "Kathy L. Welch".

Kathy L. Welch
Audit Manager

A handwritten signature in cursive script, reading "Iliana Piedra".

Iliana Piedra
Professional Accountant Specialist

**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

September 6, 2007

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have performed these supplemental procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the schedules, prepared by Florida City Gas and attached to the original audit report, in support of its purchased gas adjustment filing, Docket No. 070003-GU.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES:

Objective: To determine that the cost of gas in the filing agreed with the ledger and could be traced to source documentation. And, to determine that affiliate transactions were properly recorded.

Procedures: We obtained a comparison from the utility of the Sequent cost of gas sent to City Gas territory to the market rates for the year. The month of May was tested to invoices and to the published market rates.

We reviewed the program used to create the schedules provided and determined that spot purchases were not included. We obtained substantiation from the utility for its position that base load and spot purchases should be compared separately. Staff agreed with the argument presented.

The program also removed some deal tickets. The deal tickets were reviewed to determine whether they should have been excluded. No errors were found.

We also obtained the utility explanation for its methodology of calculating off-system sales.