

AGL Resources  
Atlanta Gas Light  
Chattanooga Gas  
Elizabethtown Gas  
Elkton Gas  
Florida City Gas  
Virginia Natural Gas  
AGL Networks  
Sequent Energy Management

955 East 25th Street  
Hialeah, FL 33013  
www.floridacitygas.com

August 25, 2008

Ms. Ann Cole, Director  
Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0950

RECEIVED-FPSC  
08 AUG 29 PM 3:55  
COMMISSION  
CLERK

**RE: Docket No. 080004-GU**

Dear Ms. Cole:

By memorandum dated July 22, 2008, the Commission Staff filed an audit report (Audit Control No. 08-037-4-3 / Record #5786) for Florida City Gas in the above referenced docket.

Enclosed for filing, please find the Company's response to the Staff's audit report.

If you need additional information, please contact me at (305) 835-3607

Very truly yours,



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Rosie Abreu  
Regulatory Analyst

Encl.



Florida City Gas

DOCUMENT NUMBER-DATE

07980 AUG 29 08

FPSC-COMMISSION CLERK

**Company Response to:**

**FLORIDA CITY GAS  
CONSERVATION COST RECOVERY CLAUSE  
HISTORICAL YEAR ENDED DECEMBER 31, 2007  
DOCKET NO. 080004-GU  
AUDIT CONTROL NO. 08-037-4-3**

**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE  
AUDITOR'S REPORT  
July 15, 2008**

**AUDIT FINDING NO. 1  
SUBJECT: PAYROLL ERRORS**

**AUDIT ANALYSIS:** City Gas April 2007 payroll included in the conservation filing included the pensions and benefits. However, the company incorrectly added another 44.23% of pension and benefits, which caused the payroll to be overstated by \$52,106.99 (\$98,393.18 - \$46,286.19). Also, the general ledger did not include the payroll of some conservation programs in the month end calculation for the months of August through December 2007. As a result, the payroll for these months was overstated. Overall, the total payroll was overstated by \$4,975.92. See calculation below:

	<b>Payroll &amp; Benefits per Filing</b>	<b>Actual Payroll &amp; Benefits</b>	<b>Difference</b>
April	98,393.18	46,286.19	52,106.99
August	31,708.81	37,191.88	(5,483.07)
September	38,950.93	50,365.68	(11,414.75)
October	41,818.46	50,536.45	(8,717.99)
November	36,513.14	47,533.30	(11,020.16)
December	45,259.04	55,754.14	(10,495.10)
<b>Total</b>	<b>292,643.56</b>	<b>287,667.64</b>	<b>4,975.92</b>

**EFFECT ON GENERAL LEDGER:** The general ledger should be decreased by \$4,975.92

**EFFECT ON FILING:** The total expenses in the true-up schedule should be decreased by \$4,975.92

**Company Response:** Company agrees.

**AUDIT FINDING NO. 2**  
**SUBJECT: REVENUES**

**AUDIT ANALYSIS:** We recalculated the conservation revenue for 2007 (the terms from the Margin Detail Report times the rate factors). The recalculated revenue was \$33,699 (\$1,459,428 - \$1,425,729) more than the revenue reported in the conservation filing. The largest difference, \$25,621, occurred in January 2007. According to the company's explanation, the difference was due to the changing of the rate factors at the beginning of each year and the cancellations, re-bills, and adjustments from the prior periods. According to the company, the remaining difference of \$8,078 (\$33,699 - \$25,621) was the result of the rounding. The terms field is carried to one decimal place and the rate factor to five decimal places. These two are multiplied together to produce a field which is rounded to two decimal places. Due to time restraints, staff was unable to review the revenue file provided by the company, which contained more than 100,000 records. The company needs to provide a more detailed explanation of why there was a \$33,699 difference.

**EFFECT ON GENERAL LEDGER:**

**EFFECT ON FILING:**

This finding is for informational purposes only.

**Company Response:** Attached is the calculation provided during the audit showing the effect of rounding, see Attachment 1.

**ATTACHMENT 1**

**FCG - ECCR Factor Analysis  
Rate Revenue 837-830**

<u>acct</u>	<u>bill period</u>	<u>days</u>	( E ) <u>therms</u>	<u>rate</u>	( G ) <u>therms*rate</u>	( H ) <u>bill calc table</u>
4876161512	5/31 - 6/29	29	1.1	0.04561	0.05	0.05
5498128532	5/10 - 6/8	29	1.1	0.04561	0.05	0.05
7405246332	5/11 - 6/12	32	1.1	0.04561	0.05	0.05
1191356332	5/11 - 6/12	32	2.1	0.04561	0.10	0.10
3837414582	5/31 - 6/29	29	2.1	0.04561	0.10	0.10
5080564562	5/10 - 6/12	33	3.2	0.04561	0.15	0.15
			10.7		0.49	0.50

This is the actual ECCR amount billed.

This is the total of the actual ECCR charges for this rate/rev class.

This is the total value that excel computes because even though only two digits are shown, the numbers are calculated based on the five digit precision of the rate.

* Note that G / E =	* Note that H / E =
0.04561	0.04673