

State of Florida



# Public Service Commission

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COMMISSION  
CLERK

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**DATE:** July 1, 2011  
**TO:** Office of Commission Clerk  
**FROM:** Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CJP*  
**RE:** Docket No.: 110004-GU  
Company Name: Florida City Gas  
Company Code: GU602  
Audit Purpose: Gas Conservation Cost Recovery  
Audit Control No: 11-005-4-6

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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 Commission Clerk. There were no confidential work papers associated with this audit.

CJP/kby

Attachments: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

04546 JUL-1 =

FPSC-COMMISSION CLERK

State of Florida



**Public Service Commission**

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

**Auditor's Report**

Florida City Gas  
Gas Conservation Cost Recovery Clause

**Twelve Months Ended December 31, 2010**

Docket No. 110004-GU  
Audit Control No. 11-005-4-6  
**June 27, 2011**

Handwritten signature of Gabriela Leon in cursive script.

Gabriela Leon  
Audit Manager

Handwritten signature of Kathy L. Welch in cursive script.

Kathy L. Welch  
Reviewer

DOCUMENT NUMBER-DATE

04546 JUL-1 =

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## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economic Regulation in its audit service request dated January 6, 2011. We have applied these procedures to the attached summary exhibit prepared by Florida City Gas (FCG) and to several of its related schedules in support of its filing for the Energy (Gas) Conservation Cost Recovery Clause in Docket 110004-GU (ECCR).

This audit was performed following general standards and fieldwork standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

**Objectives:** Our objectives were to verify that FCG's filing agreed to the general ledger and that FCG maintains its accounts and records in conformity with the Code of Federal Regulations (C.F.R.).

**Procedures:** We reconciled the filing to the general ledger and verified that the costs incurred were proper and expensed to the appropriate account.

### **Revenue**

**Objective:** Our objective was to verify that FCG's ECCR revenues are proper and accurately reflected in the filing.

**Procedures:** We reconciled the monthly revenues in the filing to FCG's monthly billing system reports. A sample of customer bills was re-calculated and the conservation factor charged to customers was traced to the rates in Order PSC-09-0733-FOF-GU.<sup>1</sup>

### **Expense**

**Objectives:** Our objective was to verify that FCG's ECCR costs are proper, accurately reflected in the filing, and in compliance with Rule 25-17.015(5), F.A.C.

**Procedures:** We selected a sample of charges to the ECCR accounts. We traced the sample to supporting documentation. Customer incentives were traced to the conservation program standards and customer invoices. Advertisements were reviewed and determined to meet criteria stated in Commission Rule 25-17.015(5), F.A.C. Cash Vouchers were traced to invoices and contracts. Payroll entries were traced to costs by employee by hour. We reviewed job descriptions to verify that the employees were performing conservation related tasks. We re-calculated the overhead rates and compared them to prior years. FCG did not have any Developer Agreements in 2010.

### **True-up**

**Objective:** The objective was to verify that the true-up and interest provision amount at December 31, 2010 was properly calculated.

**Procedures:** We recalculated the true-up and interest provision amount as of December 31, 2010 using the Commission approved beginning balance as of December 31, 2009, the 2010 Commercial paper rates, and the 2010 Energy Conservation Cost Recovery Revenues and Costs.

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<sup>1</sup> See Order No. PSC-09-0733-FOF-GU, issued November 4, 2009, Docket No.090004-GU, In Re: Natural gas conservation cost recovery.

Audit Findings

**None**

Exhibits

**Exhibit 1: Energy Conservation True-Up CT-3**

SCHEDULE CT-3  
PAGE 4 OF 5

Florida City Gas  
DOCKET NO. 110004-GU  
Exhibit CB-1

**ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2010 THROUGH DECEMBER 2010**

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
1 RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
2 OTHER PROGRAM REVS	-	-	-	-	-	-	-	-	-	-	-	-	-
3 CONSERV. ADJ REVS	(273,582)	(245,559)	(284,600)	(185,133)	(154,364)	(147,350)	(130,405)	(136,374)	(138,311)	(139,954)	(154,054)	(220,153)	(2,187,848)
4 TOTAL REVENUES	(273,582)	(245,559)	(284,600)	(185,133)	(154,364)	(147,350)	(130,405)	(136,374)	(138,311)	(139,954)	(154,054)	(220,153)	(2,187,848)
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD	13,837	13,837	13,837	13,837	13,837	13,837	13,837	13,837	13,837	13,835	13,835	13,835	166,038
6 CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(259,755)	(231,722)	(250,763)	(171,296)	(140,527)	(133,513)	(116,568)	(122,537)	(122,474)	(128,119)	(140,218)	(208,318)	(2,021,810)
7 CONSERVATION EXPENSES (FROM CT-3, PAGE 1)	100,510	392,980	271,639	256,184	229,515	388,775	337,287	340,812	194,871	272,202	185,188	436,377	3,404,142
8 TRUE-UP THIS PERIOD	(158,245)	161,258	20,876	84,888	88,888	253,262	220,718	218,075	72,397	148,083	44,970	230,058	1,382,332
9 INTEREST PROVISION THIS PERIOD (FROM CT-3 PAGE 3)	14	11	26	33	61	120	166	194	214	225	242	268	1,573
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	168,044	(7,024)	140,408	147,473	218,557	293,769	633,314	740,362	944,794	1,003,569	1,136,042	1,167,418	
11 PRIOR PERIOD TRUE UP													
COLLECTED/(REFUNDED)	(13,837)	(13,837)	(13,837)	(13,837)	(13,837)	(13,837)	(13,837)	(13,837)	(13,837)	(13,835)	(13,835)	(13,835)	
12 TOTAL NET TRUE UP (SUM LINES 8+9+10+11)	(7,024)	140,408	147,473	218,557	293,769	533,314	740,362	944,794	1,003,569	1,136,042	1,167,418	1,383,911	1,383,911

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2010 THROUGH DECEMBER 2010

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
INTEREST PROVISION													
1. BEGINNING TRUE-UP	166,044	(7,024)	140,408	147,473	218,557	293,789	533,314	740,362	944,794	1,003,569	1,136,042	1,167,419	
2. ENDING TRUE-UP BEFORE INTEREST	(7,038)	140,396	147,447	218,524	293,706	533,194	740,196	944,600	1,003,354	1,135,817	1,167,177	1,383,643	
3. TOTAL BEGINNING & ENDING TRUE-UP	159,006	133,372	287,854	365,997	512,265	826,983	1,273,510	1,684,862	1,948,149	2,139,386	2,303,218	2,551,062	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	79,503	66,688	143,927	182,998	256,132	413,482	636,755	842,481	974,074	1,069,693	1,151,609	1,275,531	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	0.200%	0.200%	0.210%	0.210%	0.230%	0.340%	0.350%	0.280%	0.280%	0.250%	0.250%	0.250%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	0.200%	0.210%	0.210%	0.230%	0.340%	0.350%	0.280%	0.280%	0.250%	0.250%	0.250%	0.250%	
7. TOTAL (SUM LINES 5 & 6)	0.400%	0.410%	0.420%	0.440%	0.570%	0.690%	0.630%	0.560%	0.530%	0.500%	0.500%	0.500%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	0.200%	0.205%	0.210%	0.220%	0.285%	0.345%	0.315%	0.280%	0.285%	0.250%	0.250%	0.250%	
9. MONTHLY AVG INTEREST RATE	0.017%	0.017%	0.018%	0.018%	0.024%	0.029%	0.026%	0.023%	0.022%	0.021%	0.021%	0.021%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	14	11	26	33	61	120	166	194	214	225	242	268	1,673
10. a. INT. ADJ													