

State of Florida



Public Service Commission
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**COMMISSION
CLERK**

DATE: July 6, 2011
TO: Office of Commission Clerk
FROM: Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CJP*
RE: Docket No.: 110003-GU
Company Name: Florida City Gas
Company Code: GU602
Audit Purpose: Purchased Gas Cost Recovery Clause
Audit Control No: 11-005-4-1

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 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
04632 JUL -6 =
FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

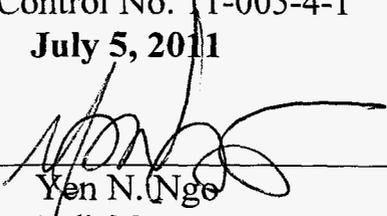
Office of Auditing and Performance Analysis
Bureau of Auditing
Miami District Office

Auditor's Report

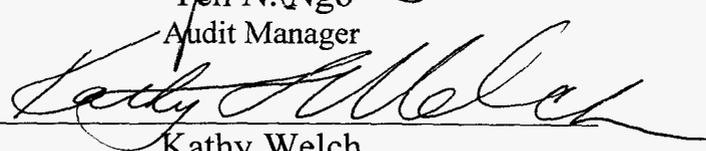
Florida City Gas
Purchased Gas Cost Recovery Clause

Twelve Months Ended December 31, 2010

Docket No. 110003-GU
Audit Control No. 11-005-4-1
July 5, 2011



Yen N. Ngo
Audit Manager



Kathy Welch
Reviewer

DOCUMENT NUMBER-DATE

04632 JUL-6 =

CPSC-COMMISSION CLERK

Table of Contents

Purpose..... 1

Objectives and Procedures..... 2

Audit Findings

 None..... 3

Exhibits

 1: Calculation of True-up and Interest Provision-Schedule A-2 4

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 5, 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 Purchased Gas Cost Recovery Clause in Docket No. 110003-EI

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

Revenue

Objectives: The objective was to verify that all purchase gas adjustment revenue was included in the filing and to reconcile the revenues to therm usage and monthly purchase gas adjustment charges.

Procedures: We reconciled the revenues reported in the filing to the FCG's general ledger. We traced the revenue reflected in the filing to the margin reports. The margin reports were reconciled to the billing report revenues. The rate schedules were compared to the cap authorized in Commission Order No. PSC-09-0732-FOF-GU¹. A sample of bills were selected, recalculated, and traced to the rate schedules.

Expense

Objective: The objective was to verify that costs in the filing are recoverable through the Purchase Gas Cost Recovery Clause.

Procedures: We reconciled the expenses in FCG's general ledger to the filing. We traced the expenses in the filing to supporting documentation.

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 ECRC Revenues and Costs.

¹ See Order No. PSC-09-0732-FOF-GU, issued November 4, 2009, Docket No. 090003-GU, In re: Purchased gas adjustment (PGA) true-up.

Audit Findings

None

Exhibits

Exhibit 1: Calculation of True-up and Interest Provision-Schedule A-2

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2			
FLORIDA CITY GAS		FOR THE PERIOD OF: JANUARY 10 Through DECEMBER 10				(REVISED 6/08/94)			
						PAGE 4 OF 11			
	CURRENT MONTH: 12/10		DIFFERENCE		PERIOD TO DATE		DIFFERENCE		
	(A) ACTUAL	(B) ESTIMATE	(C) AMOUNT	(D) %	(E) ACTUAL	(F) ESTIMATE	(G) AMOUNT	(H) %	
TRUE-UP CALCULATION									
1 PURCHASED GAS COST (Sch A-1 Flx down line 4+6)	3,110,070	1,371,807	(1,738,263)	-126.71%	21,515,786	16,834,267	(4,681,519)	-27.81%	
2 TRANSP GAS COST (Sch A-1 Flx down line 1+2+3+5)	1,083,196	908,715	(174,481)	-19.20%	9,126,488	8,323,544	(802,944)	-9.65%	
3 TOTAL	4,193,266	2,280,522	(1,912,744)	-83.87%	30,642,274	25,157,811	(5,484,463)	-21.80%	
4 FUEL REVENUES (Sch A-1 Flx down line 14) (NET OF REVENUE TAX)	2,374,510	2,279,425	(95,085)	-4.17%	28,765,728	25,142,333	(3,623,395)	-14.41%	
5 TRUE-UP (COLLECTED) OR REFUNDED	5,650	5,650	-	0.00%	67,800	67,800	-	0.00%	
6 FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2,380,160	2,285,075	(95,085)	-4.16%	28,833,528	25,210,133	(3,623,395)	-14.37%	
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(1,813,106)	4,553	1,817,659	39922.23%	(1,808,746)	52,322	1,861,068	3556.95%	
8 INTEREST PROVISION-THIS PERIOD (21)	257	(99)	(356)	359.60%	5,029	(1,194)	(6,223)	521.19%	
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	2,130,921	(470,833)	(2,601,754)	552.59%	904,104	(455,357)	(1,359,461)	298.55%	
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(5,650)	(5,650)	-	0.00%	(67,800)	(67,800)	-	0.00%	
10a ADJUSTMENTS	-	-	-	-	-	-	-	-	
10b OSS 50% Margin Sharing	-	-	-	-	1,279,835	-	(1,279,835)	-	
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b)	312,422	(472,029)	(784,451)	166.19%	312,422	(472,029)	(784,451)	166.19%	
INTEREST PROVISION									
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a)	2,130,921	(470,833)	(2,601,754)	552.59%	* If line 5 is a refund add to line 4 If line 5 is a collection () subtract from line 4				
13 ENDING TRUE-UP BEFORE INTEREST (12 + 10b + 7 - 5)	312,165	(471,930)	(784,095)	166.15%					
14 TOTAL (12+13)	2,443,086	(942,763)	(3,385,849)	359.14%					
15 AVERAGE (50% OF 14)	1,221,543	(471,382)	(1,692,925)	359.14%					
16 INTEREST RATE - FIRST DAY OF MONTH	0.00250	0.00250	-	0.00%					
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.00250	0.00250	-	0.00%					
18 TOTAL (16+17)	0.00500	0.00500	-	0.00%					
19 AVERAGE (50% OF 18)	0.00250	0.00250	-	0.00%					
20 MONTHLY AVERAGE (19/12 Months)	0.00021	0.00021	-	0.00%					
21 INTEREST PROVISION (15x20)	257	(99)	(356)	359.60%					