

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

**Twelve Months Ended December 31, 2012**

Docket No. 130003-GU  
Audit Control No. 13-014-4-1  
**July 30, 2013**

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Gabriela M. Leon  
Audit Manager

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Kathy Welch  
Reviewer

Table of Contents

Purpose..... 1

Objectives and Procedures ..... 2

Audit Findings

    None..... 4

Exhibit

    1: True Up ..... 1

## 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 Economics in its audit service request dated January 10, 2013. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2012 filing for the Purchased Gas Cost Recovery in Docket No. 130003-GU.

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**

#### Definition

Utility refers to the Florida City Gas.

PGA refers to the Purchased Gas Cost Recovery .

### **Revenue**

#### Operating Revenues

**Objectives:** The objectives were to determine the actual therms sold for the period January 1, 2012, through December 31, 2012, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the PGA.

**Procedures:** We reconciled the 2012 filing to the Utility's general ledger and monthly revenue reports. We compared the rates used by the Utility to the rates in the last Commission Order PSC-11-0527-FOF-GU, issued November 9, 2011. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rates. No exceptions were noted.

### **Expense**

**Objectives:** The objectives were to determine whether the operation and maintenance (O&M) expenses listed on the Utility's Schedule A-2 filing was supported by adequate documentation and that the expenses are appropriately recoverable through the PGA.

**Procedures:** We reconciled expenses in the filing to the general ledger. We traced a sample of O & M expenses to source documentation to ensure the expenses were related to the PGA and that the expenses were charged to the correct accounts. No exceptions were noted.

### **True-up**

**Objective:** The objective was to determine if the True-Up and Interest Provision as filed on Schedule A-2 was properly calculated.

**Procedures:** We traced the December 31, 2011, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2012, using the Commission approved beginning balance as of December 31, 2011, the Non-Financial Commercial Paper rates, and the 2012 PGA revenues and costs. No exceptions were noted.

## **Analytical Review**

**Objectives:** The objective was to perform an analytical review of the Utility's PGA revenues and expenses to determine if there were any material changes or inconsistencies from the prior period.

**Procedures:** We compared 2012 to 2011 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

**None**

Exhibit

**Exhibit 1: True Up**

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2			
FLORIDA CITY GAS		FOR THE PERIOD OF: JANUARY 2012 THROUGH DECEMBER 2012				(REVISED 6/02/94)			
		CURRENT MONTH: 12/12		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
<b>TRUE-UP CALCULATION</b>									
1	PURCHASED GAS COST (Sch A-1 Fix down line 4+6)	1,289,234	1,661,279	395,045	23.78%	11,955,388	13,534,022	1,578,638	11.66%
2	TRANSP GAS COST (Sch A-1 Fix down line 1+2+3+5)	1,559,699	912,712	(646,987)	-70.89%	9,003,833	8,437,524	(566,109)	-6.71%
3	TOTAL	2,825,933	2,573,991	(251,942)	-9.79%	20,959,019	21,971,546	1,012,527	4.81%
4	FUEL REVENUES (Sch A-1 Fix down line 14) (NET OF REVENUE TAX)	2,099,246	2,572,834	473,588	16.41%	19,315,657	21,960,244	2,644,587	12.04%
5	TRUE-UP (COLLECTED) OR REFUNDED	8,148	8,148	-	0.00%	87,774	87,774	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	2,107,394	2,580,982	473,588	18.35%	19,413,431	22,058,018	2,644,587	11.99%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(718,536)	6,991	725,530	10378.38%	(1,546,588)	66,472	1,632,058	1887.39%
8	INTEREST PROVISION-THIS PERIOD (21)	148	(49)	(197)	402.04%	2,358	(596)	(2,952)	495.30%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,845,894	(488,413)	(2,332,307)	479.49%	2,003,405	(488,413)	(2,489,818)	511.87%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(8,148)	(8,148)	-	0.00%	(97,774)	(97,774)	-	0.00%
10a	PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	-	-	-
10b	MARGIN SHARING, REFUNDS & END OF PERIOD ADJ	954	-	(954)	-	757,910	-	(757,910)	-
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b)	1,120,310	(487,619)	(1,607,929)	329.75%	1,120,310	(488,311)	(1,618,621)	324.82%
<b>INTEREST PROVISION</b>									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a)	1,845,894	(488,413)	(2,332,307)	479.49%				
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10b + 7 - 5)	1,120,182	(487,570)	(1,607,732)	329.74%				
14	TOTAL (12+13)	2,968,056	(973,983)	(3,940,039)	404.53%				
15	AVERAGE (50% OF 14)	1,483,028	(486,992)	(1,970,020)	404.53%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.00130	0.00130	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.00100	0.00100	-	0.00%				
18	TOTAL (16+17)	0.00230	0.00230	-	0.00%				
19	AVERAGE (50% OF 18)	0.00115	0.00115	-	0.00%				
20	MONTHLY AVERAGE (18/12 Months)	0.00010	0.00010	-	0.00%				
21	INTEREST PROVISION (15x20)	148	(49)	(197)	402.04%				

\* If line 5 is a refund add to line 4  
If line 5 is a collection ( ) subtract from line 4