

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:** June 10, 2015  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 150003-GU  
Company Name: Florida City Gas  
Company Code: GU602  
Audit Purpose: Purchased Gas Cost Recovery Clause  
Audit Control No: 15-014-1-2

---

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 is no confidential work papers associated with this audit.

LMD/cp

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

State of Florida



## Public Service Commission

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

### Auditor's Report

Florida City Gas  
Purchased Gas Cost Recovery Clause

**Twelve Months Ended December 31, 2014**

Docket No. 150003-GU  
Audit Control No. 15-014-1-2  
**May 29, 2015**

Handwritten signature of Debra Dobiac in black ink.

---

Debra Dobiac  
Audit Manager

Handwritten signature of Lynn M. Deamer in blue ink.

---

Lynn M. Deamer  
Reviewer

## Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	4
Exhibit	
1: True-Up.....	5

## 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 6, 2015. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2014 filing for the Purchased Gas Cost Recovery Clause in Docket No. 150003-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 Clause.

### **Revenue**

#### Operating Revenue

**Objectives:** The objectives were to determine the actual therms sold for the period January 1, 2014, through December 31, 2014, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales.

**Procedures:** We traced revenues reported on the 2014 filing to the Utility's general ledger and the monthly revenue reports. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. We traced unbilled revenues to the revenue summary report. No exceptions were noted.

### **Expense**

#### Operation and Maintenance Expense

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

**Procedures:** We traced expenses reported from the filing to the general ledger. We traced a random sample of O&M Expenses to source documentation to ensure the expenses were supported by sufficient documentation and that the expenses were appropriately recoverable through the PGA. 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, 2013, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2014, using the Commission approved beginning balance as of December 31, 2013, the Non-Financial Commercial Paper rates, and the 2014 PGA revenues and costs. No exceptions were noted.

## **Analytical Review**

**Objective:** 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 year.

**Procedures:** We compared 2014 to 2013 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: FLORIDA CITY GAS		CALCULATION OF TRUE-UP AND INTEREST PROVISION						SCHEDULE A-2 (REVISED 6/08/94)	
FOR THE PERIOD OF:		JANUARY 2014		THROUGH		DECEMBER 2014		PAGE 5 OF 12	
		CURRENT MONTH: 12/14		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)	1,145,467	1,480,164	334,697	22.61%	17,186,345	18,509,978	1,323,633	7.15%
2	TRANSP GAS COST (Sch A-1 Fix down line 1+2+3+5)	1,558,497	945,440	(611,057)	-64.63%	11,039,969	8,742,585	(2,297,384)	-26.28%
3	TOTAL	2,701,964	2,425,604	(276,360)	-11.39%	28,226,314	27,252,563	(973,751)	-3.57%
4	FUEL REVENUES (Sch A-1 Fix down line 14) (NET OF REVENUE TAX)	2,519,630	2,424,955	(94,675)	-3.90%	27,874,555	27,244,308	(630,247)	-2.31%
5	TRUE-UP (COLLECTED) OR REFUNDED	7,988	7,988	-	0.00%	95,854	95,854	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	2,527,618	2,432,943	(94,675)	-3.89%	27,970,409	27,340,162	(630,247)	-2.31%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(174,346)	7,339	181,685	2475.67%	(255,905)	87,599	343,504	392.13%
8	INTEREST PROVISION-THIS PERIOD (21)	110	(31)	(141)	454.84%	879	(288)	(1,165)	407.34%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	1,930,868	(520,990)	(2,451,858)	470.61%	1,426,986	(513,129)	(1,940,115)	378.09%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(7,988)	(7,988)	-	0.00%	(95,854)	(95,854)	-	0.00%
10a	PRIOR PERIOD ADJUSTMENTS	-	-	-	---	-	-	-	---
10b	MARGIN SHARING, REFUNDS & END OF PERIOD ADJ	-	-	-	---	672,538	-	(672,538)	---
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b)	1,748,644	(521,670)	(2,270,314)	435.20%	1,748,644	(521,670)	(2,270,314)	435.20%
<b>INTEREST PROVISION</b>									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a)	1,930,868	(520,990)	(2,451,858)	470.61%				
13	ENDING TRUE-UP BEFORE INTEREST (12 + 10b + 7 - 5)	1,748,534	(521,639)	(2,270,173)	435.20%				
14	TOTAL (12+13)	3,679,401	(1,042,629)	(4,722,030)	452.90%				
15	AVERAGE (50% OF 14)	1,839,701	(521,315)	(2,361,016)	452.90%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.00070	0.00070	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.00080	0.00080	-	0.00%				
18	TOTAL (16+17)	0.00150	0.00150	-	0.00%				
19	AVERAGE (50% OF 18)	0.00075	0.00075	-	0.00%				
20	MONTHLY AVERAGE (18/12 Months)	0.00006	0.00006	-	0.00%				
21	INTEREST PROVISION (15x20)	110	(31)	(141)	454.84%				

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