

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-**

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**DATE:** June 7, 2018

**TO:** Office of Commission Clerk

**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis

**RE:** Docket No.: 20180004-GU  
Company Name: Florida City Gas  
Company Code: GU602  
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery  
Audit Control No.: 2018-016-1-1

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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 are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

State of Florida



## Public Service Commission

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

### Auditor's Report

Florida City Gas  
Gas Conservation Cost Recovery Clause

**Twelve Months Ended December 31, 2017**

Docket No. 20180004-GU  
Audit Control No. 2018-016-1-1  
**May 18, 2018**

A handwritten signature in black ink that reads "Donna D. Brown".

Donna D. Brown  
Audit Manager

A handwritten signature in blue ink that reads "Marisa N. Glover".

Marisa N. Glover  
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 objectives set forth by the Division of Economics in its audit service request dated January 16, 2018. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2017 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20180004-GU.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definition

Utility refers to the Florida City Gas.

GCCR refers to the Gas Conservation Cost Recovery Clause.

### **Revenue**

**Objectives:** The objectives were to determine the actual therms sold for the period January 1, 2017, through December 31, 2017, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales.

**Procedures:** We computed revenues using the factors in Order No. PSC-2016-0533-FOF-GU, issued November 22, 2016, and actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

### **Expense**

**Objectives:** The objectives were to determine whether Operation and Maintenance (O&M) Expense listed on Schedule CT-3 of the Utility's GCCR filing was supported by adequate documentation and that the expenses are appropriately recoverable through the GCCR.

**Procedures:** We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, changed to the correct accounts, and appropriately related to the GCCR. We traced cash incentive payments to allowances approved in Order No. PSC-2010-0551-PAA-EG, issued September 2, 2010 and in Order No. PSC-2014-0039-PAA-EG, issued January 14, 2014. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

### **True-up**

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

**Procedures:** We traced the December 31, 2016, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2017, using the Commission approved beginning balance as of December 31, 2016, the Non-Financial Commercial Paper rates, and the 2017 GCCR revenues and costs. No exceptions were noted.

## **Analytical Review**

**Objective:** The objective was to perform an analytical review of the Utility's GCCR Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

**Procedures:** We compared 2017 to 2016 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

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2017 THROUGH DECEMBER 2017

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	AUG-17	sep-17	Oct-17	Nov-17	DC-17	Total
1 FCS AUDIT FEES													
2 OTHER PROGRAM REVS													
3 CONSERV ADJ REVS	1490,069	1487,476	(487,600)	1471,694	1430,468	1409,740	1383,442	(379,132)	1401,795	1414,111	1427,986	1471,014	15,225,558
4 TOTAL REVENUES	(490,069)	(487,476)	(487,600)	(471,694)	(430,468)	(409,740)	(383,442)	(379,132)	(401,795)	(385,141)	(427,986)	(471,014)	(5,225,558)
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD CONSERVATION REVENUES	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(56,120)	(673,440)
6 APPLICABLE TO THE PERIOD	(546,189)	(543,596)	(543,720)	(527,814)	(488,588)	(465,860)	(439,562)	(435,252)	(457,915)	(441,261)	(484,106)	(527,134)	(5,898,998)
CONSERVATION EXPENSES													
7 (FROM CT-3, PAGE 1)	368,835	308,321	432,524	407,969	451,719	454,611	389,961	491,629	377,608	504,406	459,604	501,431	5,148,639
8 TRUE-UP THIS PERIOD	(177,354)	(235,275)	(111,196)	(119,845)	(34,869)	(11,249)	(49,561)	56,376	(80,307)	63,145	(24,502)	(25,703)	(750,359)
9 INTEREST PROVISION THIS PERIOD (FROM CT-3 PAGE 3)	(382)	(160)	(601)	(722)	(770)	(768)	(652)	(681)	(851)	(808)	(780)	(868)	(8,741)
10 TRUE-UP & INTER PROV. BEGINNING OF MONTH	(673,445)	(795,061)	(974,676)	(1,030,353)	(1,094,800)	(1,074,319)	(1,030,216)	(1,024,529)	(912,914)	(937,952)	(819,494)	(788,656)	
11 PRIOR PERIOD TRUE UP													
COLLECTED (REFUNDED)	58,120	56,120	56,120	58,120	58,120	56,120	58,120	56,120	56,120	56,120	56,120	56,120	
12 TOTAL NET TRUE UP (SUM LINES 8+9+10+11)	(795,061)	(974,676)	(1,030,353)	(1,094,800)	(1,074,319)	(1,030,216)	(1,024,529)	(912,914)	(937,952)	(819,494)	(788,656)	(759,106)	(759,107)