

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:** July 22, 2020

**TO:** Office of Commission Clerk

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

**RE:** Docket No.: 20200003-GU  
Company Name: Florida City Gas  
Company Code: GU602  
Audit Purpose: A3c: Purchased Gas Adjustment  
Audit Control No.: 2020-022-1-3

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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

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, 2019**

Docket No. 20200003-GU  
Audit Control No. 2020-022-1-3  
**June 30, 2020**

A handwritten signature in blue ink, appearing to read "Marisa Glover", written over a horizontal line.

Marisa Glover  
Audit Manager

A handwritten signature in blue ink, appearing to read "Thomas Wolff", written over a horizontal line.

Thomas Wolff  
Reviewer

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## 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 21, 2020. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2019 filing for the Purchased Gas Cost Recovery Clause in Docket No. 20200003-GU.

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 Revenues

**Objectives:** The objectives were to determine the terms sold for the period January 1, 2019, through December 31, 2019, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the PGA.

**Procedure:** We traced revenues reported on the 2019 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 revenues summary report. No exceptions were noted.

### **Expense**

#### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether Operation and Maintenance (O&M) Expense 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, 2018, True-up Provision to the Commission Order. We recalculated the True-up and Interest Provision amounts as of December 31, 2019, using the Commission approved beginning balance as of December 31, 2018, the Non-financial Commercial Paper rates, and the 2019 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 2019 to 2018 revenues and expenses. There were no significant variances. 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 FOR THE PERIOD: JANUARY 2019 THROUGH DECEMBER 2019				SCHEDULE A-2 (REVISED 6/28/94) PAGE 5 OF 12			
FOR THE PERIOD: line 9a from Dorse		CURRENT MONTH: 12/19		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A) ACTUAL	(B) ESTIMATE	(C) AMOUNT	(D) %	(E) ACTUAL	(F) ESTIMATE	(G) AMOUNT	(H) %
<b>TRUE-UP CALCULATION</b>									
1	PURCHASED GAS COST (Sch A-1 Fix down line 4+6)	1,050,128	829,650	(220,478)	-26.57%	10,651,069	9,830,396	(820,673)	-8.35%
2	TRANSP GAS COST (Sch A-1 Fix down line 1+2+3+5)	1,320,559	729,444	(591,115)	-81.04%	11,475,863	9,232,465	(2,243,398)	-24.30%
3	TOTAL	2,370,685	1,559,094	(811,591)	-52.06%	22,126,932	19,062,861	(3,064,071)	-16.07%
4	FUEL REVENUES (Sch A-1 Fix down line 14) (NET OF REVENUE TAX)	1,768,250	1,558,141	(210,109)	-13.48%	20,973,894	19,050,007	(1,923,887)	-10.10%
5	TRUE-UP (COLLECTED) OR REFUNDED	(34,819)	(34,819)	-	0.00%	(417,828)	(417,828)	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,733,431	1,523,322	(210,109)	-13.79%	20,556,066	18,632,179	(1,923,887)	-10.33%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(637,255)	(35,772)	601,482	-1681.41%	(1,570,868)	(430,682)	1,140,184	-264.74%
8	INTEREST PROVISION-THIS PERIOD (21)	625	(793)	(1,418)	178.81%	4,781	(12,612)	(17,373)	137.75%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	754,482	(595,732)	(1,350,214)	226.65%	(227,144)	(572,012)	(344,868)	60.29%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	34,819	34,819	-	0.00%	417,828	417,828	-	0.00%
10a	PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	-	-	-
10b	MARGIN SHARING, REFUNDS & END OF PERIOD ADJ	33,262	-	(33,262)	-	1,581,355	-	(1,581,355)	-
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b)	165,934	(597,478)	(783,412)	131.12%	185,934	(597,478)	(783,412)	131.12%
<b>INTEREST PROVISION</b>									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9+ 10a)	754,482	(595,732)	(1,350,214)	226.65%	* 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)	185,309	(596,685)	(781,994)	131.06%				
14	TOTAL (12+13)	939,791	(1,192,417)	(2,132,208)	178.81%				
15	AVERAGE (50% OF 14)	469,896	(596,209)	(1,066,105)	178.81%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.01610	0.01610	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.01590	0.01590	-	0.00%				
18	TOTAL (16+17)	0.03200	0.03200	-	0.00%				
19	AVERAGE (50% OF 18)	0.01600	0.01600	-	0.00%				
20	MONTHLY AVERAGE (18/12 Months)	0.00133	0.00133	-	0.00%				
21	INTEREST PROVISION (15+20)	625	(793)	(1,418)	178.81%				