

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:** July 13, 2021

**TO:** Office of Commission Clerk

**FROM:** Dale Mailhot, Director, Office of Auditing and Performance Analysis

**RE:** Docket No.: 20210004-GU  
Company Name: Florida City Gas  
Company Code: GU602  
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery  
Audit Control No.: 2021-020-1-3

---

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.

DM/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  
Gas Conservation Cost Recovery Clause

**Twelve Months Ended December 31, 2020**

Docket No. 20210004-GU  
Audit Control No. 2021-020-1-3  
**June 23, 2021**

A handwritten signature in black ink that reads "V. Hymavathi".

---

Hymavathi Vedula  
Audit Manager

A handwritten signature in blue ink that reads "M. Glover".

---

Marisa 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 19, 2021. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2020 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20210004-GU.

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, 2020, through December 31, 2020, 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-2019-0499-FOF-GU, issued November 22, 2019. We calculated 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, charged 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 CT-3 was properly calculated.

**Procedures:** We traced the December 31, 2019, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2020, using the Commission approved beginning balance as of December 31, 2019, the Non-Financial Commercial Paper rates, and the 2020 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 2020 to 2019 revenues and expenses. There were no significant variances. Further follow-up was not required.

Audit Findings

**None**

## Exhibit

### Exhibit 1: True-Up

SCHEDULE CT-3 PAGE 4 OF 5	EXHIBIT NO. (MB-1) COMPANY: FLORIDA CITY GAS Natural Gas Conservation Cost Recovery DOCKET NO. 20210004-GU												
ENERGY CONSERVATION COST RECOVERY ADJUSTMENT FOR THE PERIOD JANUARY 2020 THROUGH DECEMBER 2020 2020 FINAL TRUE-UP													
CONSERVATION REVENUES	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	TOTAL
1. RCS AUDIT FEE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. OTHER PROG. REVS.	-	-	-	-	-	-	-	-	-	-	-	-	-
3. CONSERV. ADJ REVS.	(513,338)	(497,060)	(508,433)	(450,784)	(395,830)	(414,867)	(370,792)	(413,870)	(352,998)	(395,977)	(393,630)	(443,228)	(5,150,788)
4. TOTAL REVENUES	(513,338)	(497,060)	(508,433)	(450,784)	(395,830)	(414,867)	(370,792)	(413,870)	(352,998)	(395,977)	(393,630)	(443,228)	(5,150,788)
5. PRIOR PERIOD TRUE- UP NOT APPLICABLE TO THIS PERIOD	12,631	12,631	12,631	12,631	12,631	12,631	12,631	12,631	12,631	12,631	12,631	12,631	151,570
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(500,707)	(484,430)	(485,803)	(438,133)	(383,199)	(402,236)	(358,161)	(401,239)	(340,368)	(383,346)	(380,999)	(430,597)	(4,999,218)
7. CONSERV. EXPS.	436,222	412,881	666,941	507,741	618,034	451,861	564,099	446,736	468,331	458,238	435,911	357,677	5,824,651
8. TRUE-UP THIS PERIOD (over)/under	(64,486)	(71,569)	171,139	69,609	234,835	49,625	205,938	45,497	127,963	74,892	54,912	(72,920)	825,434
9. INTEREST PROV. THIS PERIOD	755	629	751	564	108	81	82	91	84	91	108	106	3,450
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	151,570	75,208	(8,363)	150,896	208,438	430,750	487,826	681,214	694,171	809,588	871,939	914,328	151,570
Deferred True-up COLLECTED/(REFUNDED)	454,477	454,477	454,477	454,477	454,477	454,477	454,477	454,477	454,477	454,477	454,477	454,477	454,477
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(12,631)	(151,570)
12. TOTAL NET TRUE-UP	529,685	446,114	605,373	682,915	685,227	922,303	1,115,691	1,148,648	1,264,065	1,326,416	1,368,805	1,283,361	1,283,361