

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 25, 2023

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 

RE: Docket No.: 20230003-GU
Company Name: Florida City Gas
Company Code: GU602
Audit Purpose: A3c: Purchased Gas Cost Recovery Clause
Audit Control No.: 2023-018-1-3

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 the Commission Clerk. There are no confidential work papers associated with this audit.

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

Auditor's Report

Florida City Gas
Purchased Gas Cost Recovery Clause

Twelve Months Ended December 31, 2022

Docket No. 20230003-GU
Audit Control No. 2023-018-1-3
July 24, 2023

A handwritten signature in cursive script, reading "Demetrius Jones".

Demetrius Jones
Audit Manager

A handwritten signature in cursive script, reading "Donna D. Brown".

Donna D. Brown
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 18, 2023. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2022 filing for the Purchased Gas Cost Recovery Clause in Docket No. 20230003-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to Florida City Gas.

PGA refers to the Purchased Gas Cost Recovery Clause.

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 2022 to 2021 revenues and expenses. We requested explanations from the Utility for any significant variances. The explanations provided were sufficient. Further follow-up was not required.

Revenue

Operating Revenues

Objectives: The objectives were to determine the therms sold for the period January 1, 2022, through December 31, 2022, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the PGA.

Procedures: We reconciled the revenues reported on the 2022 filing to the Utility's general ledger and the monthly revenue reports. We selected a statistical 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 verify that Operation and Maintenance (O&M) Expense listed on the Utility's Form A-2 filing was supported by adequate documentation and that the expenses are appropriately recoverable through the PGA.

Procedures: We traced expenses in the filing to the general ledger. We statistically sampled O&M Expenses to source documentation for selected items to ensure the expenses were supported by sufficient documentation and that the expenses were appropriately recoverable through the PGA and that the expense was 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 Form A-2 was properly calculated.

Procedures: We traced the December 31, 2021, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2022, using the Commission-approved beginning balance as of December 31, 2021, the Financial Commercial Paper rates, and the 2022 PGA revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True Up and Interest Provision

| COMPANY: FLORIDA CITY GAS | | CALCULATION OF TRUE-UP AND INTEREST PROVISION FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022 | | | | SCHEDULE A-2 (REVISED 6/08/94) PAGE 5 OF 12 | | | |
|------------------------------------|---|---|-----------------|---------------|-----------|---|-----------------|---------------|----------|
| FOR THE PERIOD: line 9a from Doree | | CURRENT MONTH: 12/22 | | DIFFERENCE | | PERIOD TO DATE | | DIFFERENCE | |
| | | (A) ACTUAL | (B) ESTIMATE | (C) AMOUNT | (D) % | (E) ACTUAL | (F) ESTIMATE | (G) AMOUNT | (H) % |
| TRUE-UP CALCULATION | | | | | | | | | |
| 1 | PURCHASED GAS COST (Sch A-1 line 4+6) | 3,747,494 | 2,875,091 | (872,403) | -30.34% | 27,472,808 | 29,060,702 | 1,587,894 | 5.46% |
| 2 | TRANSP GAS COST (Sch A-1 line 1+2+3+5) | 1,204,919 | 889,165 | (315,754) | -35.51% | 10,508,873 | 9,520,061 | (988,812) | -10.39% |
| 3 | TOTAL | 4,952,413 | 3,764,256 | (1,188,157) | -31.56% | 37,981,681 | 38,580,763 | 599,082 | 1.55% |
| 4 | FUEL REVENUES (Sch A-1 line 14) (NET OF REVENUE TAX) | 3,074,694 | 3,762,290 | 687,596 | 18.28% | 32,656,110 | 38,558,730 | 5,902,620 | 15.31% |
| 5 | TRUE-UP (COLLECTED) OR REFUNDED | (69,560) | (69,560) | - | 0.00% | (834,718) | (834,718) | - | 0.00% |
| 6 | FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5) | 3,005,134 | 3,692,730 | 687,596 | 18.62% | 31,821,392 | 37,724,012 | 5,902,620 | 15.65% |
| 7 | TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3) | (1,947,279) | (71,526) | 1,875,753 | -2622.47% | (6,160,289) | (856,751) | 5,303,538 | -619.03% |
| 8 | INTEREST PROVISION-THIS PERIOD (21) | (18,395) | (2,145) | 16,250 | -757.58% | (78,451) | (11,259) | 67,192 | -596.78% |
| 9 | BEGINNING OF PERIOD TRUE-UP AND INTEREST | (4,748,230) | (655,109) | 4,093,121 | -624.80% | (2,890,073) | (625,928) | 2,264,145 | -361.73% |
| 10 | TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5) | 69,560 | 69,560 | - | 0.00% | 834,718 | 834,718 | - | 0.00% |
| 10a | PRIOR PERIOD ADJUSTMENTS | - | - | - | --- | - | - | - | --- |
| 10b | MARGIN SHARING, REFUNDS & END OF PERIOD ADJ | 123,435 | - | (123,435) | --- | 1,773,186 | - | (1,773,186) | --- |
| 11 | TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b) | (6,520,909) | (659,220) | 5,861,689 | -889.19% | (6,520,909) | (659,220) | 5,861,689 | -889.19% |
| INTEREST PROVISION | | | | | | | | | |
| 12 | BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a) | (4,748,230) | (655,109) | 4,093,121 | -624.80% | * 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) | (6,502,514) | (657,075) | 5,845,439 | -889.62% | | | | |
| 14 | TOTAL (12+13) | (11,250,744) | (1,312,184) | 9,938,560 | -757.41% | | | | |
| 15 | AVERAGE (50% OF 14) | (5,625,372) | (656,092) | 4,969,280 | -757.41% | | | | |
| 16 | INTEREST RATE - FIRST DAY OF MONTH | 0.03590 | 0.03590 | - | 0.00% | | | | |
| 17 | INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH | 0.04250 | 0.04250 | - | 0.00% | | | | |
| 18 | TOTAL (16+17) | 0.07840 | 0.07840 | - | 0.00% | | | | |
| 19 | AVERAGE (50% OF 18) | 0.03920 | 0.03920 | - | 0.00% | | | | |
| 20 | MONTHLY AVERAGE (19/12 Months) | 0.00327 | 0.00327 | - | 0.00% | | | | |
| 21 | INTEREST PROVISION (15x20) | (18,395) | (2,145) | 16,250 | -757.58% | | | | |