

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 25, 2024

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

**FROM:** Donna Brown, Bureau Chief, Office of Auditing & Performance Analysis 

**RE:** Docket No.: 20240004-GU  
Company Name: Florida City Gas  
Company Code: GU602  
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery Clause (GCCR)  
Audit Control No.: 2024-031-2-3

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

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing

### Auditor's Report

Florida City Gas  
Natural Gas Conservation Cost Recovery

**Twelve Months Ended December 31, 2023**

Docket No. 20240004-GU  
Audit Control No. 2024-031-2-3

**July 24, 2024**

A handwritten signature in black ink, appearing to read "K Guan", written over a horizontal line.

Kathryn Guan  
Audit Manager

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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 19, 2024. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2023 filing for the Natural Gas Conservation Cost Recovery in Docket No. 20240004-GU.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definition

Utility refers to the Florida City Gas.

GCCRC refers to the Natural Gas Conservation Cost Recovery Clause.

### **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 2023 to 2022 revenues and expenses. Audit Staff determined that there was a 3.36% decrease for revenues from 2022 to 2023. We also determined there was a 9.52% increase for expenses. The explanations provided were sufficient. Further follow-up not required.

### **Revenue**

**Objectives:** The objectives were to determine the therms sold for the period January 1, 2023, through December 31, 2023, and whether the Utility applied the Commission-approved cost recovery factor to therm sales for the GCCR Clause.

**Procedures:** We computed revenues using the factors by rate codes and compared them to the Commission Order No. PSC-2022-0423-FOF-GU. We calculated actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. Sample of residential and commercial customers bills were tested, and we also recalculated them to verify the correct tariff rates were used. 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 filing were supported by adequate documentation and that the expenses were appropriately recoverable through the GCCR.

**Procedures:** We traced expenses in the filing to the general ledger. We examined a sample of O&M Expenses for testing for the current period, the correct accounts, and whether appropriately related to the GCCR. We traced cash incentive payments to allowances approved in Order No. PSC-2022-0423-FOF-GU, issued December 14, 2022. Advertising expenses were reviewed for compliance with Rule 25-17.015, Florida Administrative code. No exceptions were noted.

## **True-up and Interest Provision**

**Objective:** The objective was to determine if the True-Up and Interest Provision as filed on Form CT-3 was properly calculated.

**Procedures:** We traced the December 31, 2022, True-Up Provision to the Commission Order No. PSC-2022-0423-FOF-GU. We recalculated the True-Up and Interest Provision amounts ended December 31, 2023, using the Commission-approved beginning balance as of December 31, 2022, the Financial Commercial Paper rates, and the 2023 GCCR revenues and costs. No exceptions were noted.

Audit Findings

**None**

## Exhibit

### Exhibit 1: True-Up

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT  
FOR THE PERIOD JANUARY 2023 THROUGH DECEMBER 2023  
2023 FINAL TRUE-UP

CONSERVATION REVENUES	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	TOTAL
1. RCS AUDIT FEE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. OTHER PROG. REVS.	-	-	-	-	-	-	-	-	-	-	-	-	-
3. CONSERV. ADJ REVS.	<u>(755,905)</u>	<u>(670,003)</u>	<u>(644,569)</u>	<u>(570,134)</u>	<u>(544,290)</u>	<u>(572,868)</u>	<u>(504,057)</u>	<u>(525,014)</u>	<u>(489,850)</u>	<u>(527,654)</u>	<u>(555,321)</u>	<u>(608,586)</u>	<u>(6,988,252)</u>
4. TOTAL REVENUES	<u>(755,905)</u>	<u>(670,003)</u>	<u>(644,569)</u>	<u>(570,134)</u>	<u>(544,290)</u>	<u>(572,868)</u>	<u>(504,057)</u>	<u>(525,014)</u>	<u>(489,850)</u>	<u>(527,654)</u>	<u>(555,321)</u>	<u>(608,586)</u>	<u>(6,968,252)</u>
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>404,512</u>
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	<u>(722,195)</u>	<u>(636,294)</u>	<u>(610,860)</u>	<u>(536,425)</u>	<u>(510,560)</u>	<u>(539,159)</u>	<u>(470,348)</u>	<u>(491,305)</u>	<u>(456,141)</u>	<u>(493,945)</u>	<u>(521,612)</u>	<u>(574,877)</u>	<u>(6,563,740)</u>
7. CONSERV. EXPS.	<u>489,556</u>	<u>444,012</u>	<u>572,042</u>	<u>569,569</u>	<u>643,584</u>	<u>482,376</u>	<u>454,737</u>	<u>808,234</u>	<u>348,687</u>	<u>538,292</u>	<u>833,060</u>	<u>485,839</u>	<u>6,649,986</u>
8. TRUE-UP THIS PERIOD (over/under)	<u>(252,639)</u>	<u>(192,282)</u>	<u>(38,818)</u>	<u>33,144</u>	<u>133,004</u>	<u>(56,783)</u>	<u>(15,611)</u>	<u>316,928</u>	<u>(107,454)</u>	<u>44,348</u>	<u>311,448</u>	<u>(89,038)</u>	<u>86,246</u>
9. INTEREST PROV. THIS PERIOD	<u>54</u>	<u>(899)</u>	<u>(1,538)</u>	<u>(1,730)</u>	<u>(1,577)</u>	<u>(1,610)</u>	<u>(1,941)</u>	<u>(1,469)</u>	<u>(1,172)</u>	<u>(1,472)</u>	<u>(840)</u>	<u>(500)</u>	<u>(14,695)</u>
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	<u>404,512</u>	<u>118,218</u>	<u>(108,673)</u>	<u>(182,739)</u>	<u>(185,034)</u>	<u>(87,317)</u>	<u>(179,419)</u>	<u>(230,680)</u>	<u>51,070</u>	<u>(91,266)</u>	<u>(82,100)</u>	<u>184,799</u>	<u>404,512</u>
Deferred True-up COLLECTED/(REFUNDED)	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>	<u>(246,333)</u>
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(33,709)</u>	<u>(404,512)</u>
12. TOTAL NET TRUE-UP	<u>(128,115)</u>	<u>(355,006)</u>	<u>(429,072)</u>	<u>(431,387)</u>	<u>(333,650)</u>	<u>(425,752)</u>	<u>(477,013)</u>	<u>(195,263)</u>	<u>(337,599)</u>	<u>(328,433)</u>	<u>(51,534)</u>	<u>(174,782)</u>	<u>(174,782)</u>



## Exhibit 2: Interest Provision

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR THE PERIOD JANUARY 2022 THROUGH DECEMBER 2022  
2022 FINAL TRUE-UP

INTEREST PROVISION	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	TOTAL
1. BEGINNING TRUE-UP	\$ 158,179	\$ (128,115)	\$ (355,006)	\$ (429,072)	\$ (431,367)	\$ (333,650)	\$ (425,752)	\$ (477,013)	\$ (185,263)	\$ (337,599)	\$ (328,433)	\$ (51,534)	
2. ENDING TRUE-UP BEFORE INTEREST	<u>(128,169)</u>	<u>(354,107)</u>	<u>(427,534)</u>	<u>(429,637)</u>	<u>(332,073)</u>	<u>(424,142)</u>	<u>(476,072)</u>	<u>(183,794)</u>	<u>(336,427)</u>	<u>(326,961)</u>	<u>(50,694)</u>	<u>(174,282)</u>	
3. TOTAL BEGINNING & ENDING TRUE-UP	30,010	(482,222)	(782,540)	(858,709)	(763,440)	(757,791)	(900,824)	(670,808)	(531,890)	(664,560)	(378,127)	(225,816)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	<u>\$ 15,005</u>	<u>\$ (241,111)</u>	<u>\$ (391,270)</u>	<u>\$ (429,354)</u>	<u>\$ (381,720)</u>	<u>\$ (378,896)</u>	<u>\$ (450,412)</u>	<u>\$ (335,404)</u>	<u>\$ (265,845)</u>	<u>\$ (332,280)</u>	<u>\$ (189,564)</u>	<u>\$ (112,908)</u>	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	4.250%	4.360%	4.600%	4.830%	4.830%	5.080%	5.120%	5.230%	5.280%	5.310%	5.310%	5.340%	
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	<u>4.360%</u>	<u>4.600%</u>	<u>4.830%</u>	<u>4.830%</u>	<u>5.080%</u>	<u>5.120%</u>	<u>5.230%</u>	<u>5.280%</u>	<u>5.310%</u>	<u>5.310%</u>	<u>5.310%</u>	<u>5.300%</u>	
7. TOTAL (SUM LINES 5 & 6)	<u>8.610%</u>	<u>8.960%</u>	<u>9.430%</u>	<u>9.660%</u>	<u>9.910%</u>	<u>10.200%</u>	<u>10.350%</u>	<u>10.510%</u>	<u>10.590%</u>	<u>10.620%</u>	<u>10.620%</u>	<u>10.640%</u>	
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	4.305%	4.480%	4.715%	4.830%	4.955%	5.100%	5.175%	5.255%	5.295%	5.310%	5.310%	5.320%	
9. MONTHLY AVG INTEREST RATE	0.359%	0.373%	0.393%	0.403%	0.413%	0.425%	0.431%	0.438%	0.441%	0.443%	0.443%	0.443%	
10. INTEREST PROVISION	<u>\$ 54</u>	<u>\$ (899)</u>	<u>\$ (1,538)</u>	<u>\$ (1,730)</u>	<u>\$ (1,577)</u>	<u>\$ (1,610)</u>	<u>\$ (1,841)</u>	<u>\$ (1,489)</u>	<u>\$ (1,172)</u>	<u>\$ (1,472)</u>	<u>\$ (840)</u>	<u>\$ (500)</u>	<u>\$ (14,695)</u>