

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: August 15, 2024

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

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

RE: Docket No.: 20240003-GU
Company Name: Florida City Gas
Company Code: GU602
Audit Purpose: A3c: Purchased Gas Adjustment Cost Recovery Clause (PGA)
Audit Control No.: 2024-031-1-5

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
Purchased Gas Cost Recovery Clause

Twelve Months Ending December 31, 2023

Docket No. 20240003-GU
Audit Control No. 2024-031-1-5

August 2, 2024

K. Sai Rashmitha

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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 Purchased Gas Cost Recovery Clause in Docket No. 20240003-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 2023 to 2022 revenues and expenses. We requested explanations from the Utility for any significant variances. The explanations provided by the utility were sufficient. Further follow-up was not required.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2023, through December 31, 2023, 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 2023 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. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expenses listed on the Utility's filing were supported by adequate documentation and that the expenses are appropriately recoverable through the PGA.

Procedures: We traced expenses reported in the filing to the general ledger. We statistically selected a sample of O&M Expenses 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, 2022, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2023, using the Commission-approved beginning balance as of December 31, 2022, the Non-Financial Commercial Paper rates, and the 2023 PGA revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True Up and Interest Provision

COMPANY:		CALCULATION OF TRUE-UP AND INTEREST PROVISION				SCHEDULE A-2			
FLORIDA CITY GAS		FOR THE PERIOD: JANUARY 2023 THROUGH DECEMBER 2023				(REVISED 6/08/94)			
						PAGE 5 OF 12			
		CURRENT MONTH: 12/23		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		ACTUAL	ESTIMATE	AMOUNT	%	ACTUAL	ESTIMATE	AMOUNT	%
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 line 4+6)	684,898	218,374	(466,522)	-204.48%	13,193,281	8,453,594	(4,739,688)	-66.07%
2	TRANSP GAS COST (Sch A-1 line 1+2+3+5)	1,399,134	320,984	(478,170)	-51.92%	12,118,392	8,228,812	(3,889,580)	-47.27%
3	TOTAL	2,084,030	1,139,338	(924,692)	-81.16%	25,311,673	16,682,406	(8,629,266)	-51.73%
4	FUEL REVENUES (Sch A-1 line 14) (NET OF REVENUE TAX)	2,348,490	1,138,785	(1,209,706)	-106.23%	31,417,892	18,873,432	(14,744,460)	-88.43%
5	TRUE-UP (COLLECTED) OR REFUNDED	(1,293,319)	(1,293,319)	-	0.00%	(15,519,826)	(15,519,826)	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,055,172	(154,534)	(1,209,706)	782.81%	15,898,088	1,153,606	(14,744,460)	-1278.12%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(1,008,858)	(1,293,873)	(285,014)	22.03%	(9,413,606)	(15,528,800)	(6,115,194)	39.38%
8	INTEREST PROVISION-THIS PERIOD (21)	2,030	(3,096)	(5,126)	165.57%	(63,034)	(34,044)	28,990	-85.15%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	301,398	(998,693)	(1,000,091)	143.14%	(6,521,809)	(659,325)	5,862,484	-889.16%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	1,293,319	1,293,319	-	0.00%	15,519,826	15,519,826	-	0.00%
10a	PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	-	-	-
10b	MARGIN SHARING, REFUNDS & END OF PERIOD ADJ	29,184	-	(29,184)	-	1,095,696	-	(1,095,696)	-
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b)	617,072	(702,343)	(1,319,416)	187.86%	617,072	(702,343)	(1,319,416)	187.86%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a)	301,398	(998,693)	(1,000,091)	143.14%	* 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)	615,042	(999,247)	(1,314,290)	187.95%				
14	TOTAL (12+13)	916,441	(1,397,941)	(2,314,381)	165.56%				
15	AVERAGE (50% OF 14)	458,220	(698,970)	(1,157,190)	165.58%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.05340	0.05340	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05300	0.05300	-	0.00%				
18	TOTAL (16+17)	0.10640	0.10640	-	0.00%				
19	AVERAGE (50% OF 18)	0.05320	0.05320	-	0.00%				
20	MONTHLY AVERAGE (19/12 Months)	0.00443	0.00443	-	0.00%				
21	INTEREST PROVISION (15x20)	2,030	(3,096)	(5,126)	165.57%				