

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Miami District Office

Auditor's Report

Florida City Gas
Gas Conservation Cost Recovery

Twelve Months Ended December 31, 2013

Docket No. 140004-GU
Audit Control No. 14-017-4-4

June 12, 2014

Handwritten signature of Gabriela M. Leon in black ink.

Gabriela M. Leon
Audit Manager

Handwritten signature of Jeffery A. Small in blue ink.

Jeffery A. Small
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economic Regulation in its audit service request dated January 14, 2014. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2013 filing for the Gas Conservation Cost Recovery Clause in Docket No. 140004-GU.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

FCG/Utility refers to Florida City Gas.

GCCR refers to the Gas Conservation Cost Recovery.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2013, through December 31, 2013, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales.

Procedures: We computed the factors by rate code and compared them to Commission Order No. PSC-12-0612-FOF-EI, issued November 15, 2012. We selected a random sample of residential and commercial customers' bills for the period 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 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 clause.

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 account and appropriately related to the GCCR clause. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code (F.A.C.). No exceptions were noted.

True-up

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

Procedures: We traced the December 31, 2012, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2013, using the Commission approved beginning balance as of December 31, 2012, the Financial Commercial Paper rates, and the 2013 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 2013 to 2012 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

SCHEDULE CT-3
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Florida City Gas
DOCKET NO. 140004-GU
MB-1

**ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2013 THROUGH DECEMBER 2013**

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
1 RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
2 OTHER PROGRAM REVS	-	-	-	-	-	-	-	-	-	-	-	-	-
3 CONSERV. ADJ REVS	(499,969)	(479,359)	(542,831)	(479,602)	(395,115)	(381,793)	(355,441)	(359,774)	(352,055)	(381,008)	(374,873)	(440,573)	(5,041,409)
4 TOTAL REVENUES	(499,969)	(479,359)	(542,831)	(479,602)	(395,115)	(381,793)	(355,441)	(359,774)	(352,055)	(381,008)	(374,873)	(440,573)	(5,041,409)
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD CONSERVATION REVENUES	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(83,153)	(997,836)
6 APPLICABLE TO THE PERIOD	(583,118)	(562,512)	(625,784)	(562,755)	(478,269)	(464,946)	(438,594)	(442,827)	(435,218)	(464,161)	(457,226)	(523,726)	(6,039,236)
CONSERVATION EXPENSES													
7 (FROM CT-3, PAGE 1)	213,306	318,687	338,764	420,965	328,768	433,080	321,850	294,620	345,892	412,395	445,395	472,779	4,342,603
8 TRUE-UP THIS PERIOD	(369,811)	(245,829)	(287,021)	(141,790)	(151,500)	(31,966)	(116,744)	(148,308)	(89,225)	(51,785)	(11,831)	(50,947)	(1,698,633)
9 INTEREST PROVISION THIS PERIOD (FROM CT-3 PAGE 3)	(114)	(184)	(155)	(134)	(105)	(88)	(87)	(72)	(56)	(73)	(88)	(51)	(1,185)
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(997,839)	(1,284,611)	(1,447,447)	(1,651,469)	(1,710,241)	(1,778,693)	(1,727,494)	(1,761,171)	(1,826,398)	(1,832,525)	(1,801,210)	(1,729,976)	
11 PRIOR PERIOD TRUE UP													
COLLECTED/(REFUNDED)	83,153	83,153	83,153	83,153	83,153	83,153	83,153	83,153	83,153	83,153	83,153	83,153	
12 TOTAL NET TRUE UP (SUM LINES 9-11 & 10-11)	(1,284,611)	(1,447,447)	(1,651,469)	(1,710,241)	(1,778,693)	(1,727,494)	(1,761,171)	(1,826,398)	(1,832,525)	(1,801,210)	(1,729,976)	(1,697,822)	(1,697,819)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2013 THROUGH DECEMBER 2013

INTEREST PROVISION	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
1. BEGINNING TRUE-UP	(997,839)	(1,284,511)	(1,447,447)	(1,651,469)	(1,710,241)	(1,778,693)	(1,727,494)	(1,761,171)	(1,826,398)	(1,832,525)	(1,801,210)	(1,728,976)	
2. ENDING TRUE-UP BEFORE INTEREST	(1,284,497)	(1,447,283)	(1,651,314)	(1,710,108)	(1,778,588)	(1,727,405)	(1,761,084)	(1,826,325)	(1,832,470)	(1,801,137)	(1,729,888)	(1,697,771)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(2,282,336)	(2,731,894)	(3,099,761)	(3,361,576)	(3,498,829)	(3,506,099)	(3,488,578)	(3,587,497)	(3,658,868)	(3,633,663)	(3,531,098)	(3,427,747)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(1,141,168)	(1,365,947)	(1,549,381)	(1,680,788)	(1,744,415)	(1,753,049)	(1,744,289)	(1,793,749)	(1,829,434)	(1,816,831)	(1,765,549)	(1,713,873)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	0.100%	0.150%	0.140%	0.090%	0.090%	0.050%	0.080%	0.050%	0.050%	0.030%	0.060%	0.050%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	0.150%	0.140%	0.090%	0.090%	0.050%	0.030%	0.050%	0.050%	0.030%	0.060%	0.050%	0.030%	
7. TOTAL (SUM LINES 5 & 6)	0.250%	0.290%	0.230%	0.180%	0.140%	0.130%	0.130%	0.100%	0.080%	0.090%	0.110%	0.080%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	0.125%	0.145%	0.115%	0.090%	0.070%	0.065%	0.065%	0.050%	0.040%	0.045%	0.055%	0.040%	
9. MONTHLY AVG INTEREST RATE	0.010%	0.012%	0.010%	0.008%	0.006%	0.005%	0.005%	0.004%	0.003%	0.004%	0.005%	0.003%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(114)	(164)	(155)	(134)	(105)	(88)	(87)	(72)	(55)	(73)	(88)	(51)	(1,186)
10. a. INT. ADJ													