

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 2, 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.: 20230004-GU
Company Name: Peoples Gas System
Company Code: GU608
Audit Purpose: A3e: Gas Conservation Cost Recovery
Audit Control No.: 2023-018-2-4

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

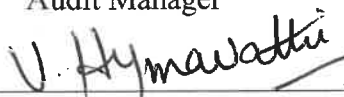
Peoples Gas System, Inc.
Gas Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2022

Docket No. 20230004-GU
Audit Control No. 2023-018-2-4
July 31, 2023



Lily Sampson
Audit Manager



Hymavathi Vedula
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 18, 2022. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Peoples Gas System, Inc. in support of its 2022 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20230004-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to Peoples Gas System, Inc.
GCCR refers to the Gas Conservation Cost Recovery.

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 2022 to 2021 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, 2002, through December 31, 2022, and whether the Utility applied the Commission-approved cost recovery factor to actual therm sales for the GCCR.

Procedures: We reconciled the 2022 filing to the Utility's monthly Environmental Revenue Reports. We computed the factors by rate code and compared them to Commission Order No. PSC-2021-0422-FOF-GU. We examined samples of residential and commercial customers' bills for each month 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 Form CT-3 filing are 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 statistically selected a sample of O&M Expenses for testing for 2022. The source documentation for selected items

was reviewed to ensure that the expenses were for the current period, charged to the correct accounts, and appropriately recoverable through the GCCR. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), 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, 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 GCCR revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True Up

PEOPLES GAS SYSTEM
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2022 through December 2022

CONSERVATION REVENUES	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. OTHER PROGRAM REVS	-	-	-	-	-	-	-	-	-	-	-	-	-
2. CONSERV. ADJ REVS	2,748,933	3,060,083	2,532,865	2,248,845	2,029,056	1,735,396	1,562,281	1,508,195	1,565,728	1,770,139	1,881,459	2,292,093	24,935,073
3. TOTAL REVENUES	2,748,933	3,060,083	2,532,865	2,248,845	2,029,056	1,735,396	1,562,281	1,508,195	1,565,728	1,770,139	1,881,459	2,292,093	24,935,073
4. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(234,232)	(234,232)	(234,232)	(234,232)	(234,232)	(234,232)	(234,232)	(234,232)	(234,232)	(234,232)	(234,232)	(234,226)	(2,810,778)
5. CONSERVATION REVS APPLICABLE TO THE PERIOD	2,514,701	2,825,851	2,298,633	2,014,613	1,794,824	1,501,164	1,328,049	1,273,963	1,331,496	1,535,907	1,647,227	2,057,867	22,124,295
6. CONSERVATION EXPS (FROM CT-3, PAGE 1)	1,635,820	1,422,114	2,925,968	1,473,048	1,309,274	797,050	2,951,000	1,796,746	2,222,579	2,016,065	2,109,549	2,142,195	22,801,408
7. TRUE-UP THIS PERIOD	878,881	1,403,739	(627,336)	541,566	485,549	704,114	(1,622,951)	(522,783)	(891,084)	(480,159)	(462,322)	(84,328)	(677,114)
8. REGULATORY ADJUSTMENTS													-
9. INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(4)	213	586	1,115	2,257	4,470	6,063	5,317	5,136	4,818	4,700	5,206	39,877
10. TRUE-UP & INT. PROV. BEGINNING OF MONTH	(601,758)	511,351	2,149,535	1,757,017	2,533,930	3,255,968	4,198,784	2,816,128	2,532,894	1,881,178	1,640,069	1,416,679	(601,758)
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	234,232	234,232	234,232	234,232	234,232	234,232	234,232	234,232	234,232	234,232	234,232	234,226	2,810,778
12. TOTAL NET TRUE-UP (SUM LINES 8-9+10+11)	511,351	2,149,535	1,757,017	2,533,930	3,255,968	4,198,784	2,816,128	2,532,894	1,881,178	1,640,069	1,416,679	1,571,783	1,571,783
Expenses	1,635,820	1,422,114	2,925,968	1,473,048	1,309,274	797,050	2,951,000	1,796,746	2,222,579	2,016,065	2,109,549	2,142,195	22,801,408
Deferred Expenses	878,881	1,403,738	-	541,566	485,549	704,114	-	-	-	-	-	-	4,013,848
Revenues	(2,748,933)	(3,060,083)	(2,532,865)	(2,248,845)	(2,029,056)	(1,735,396)	(1,562,281)	(1,508,195)	(1,565,728)	(1,770,139)	(1,881,459)	(2,292,093)	(24,935,073)
Deferred Revenues	-	-	(627,335)	-	-	-	(1,622,951)	(522,783)	(891,084)	(480,159)	(462,322)	(84,328)	(4,690,962)