

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, 2012

Docket No. 130004-GU
Audit Control No. 13-004-4-2
July 19, 2013

Handwritten signature of Gabriela M. Leon in blue ink.

Gabriela M. Leon
Audit Manager

Handwritten signature of Kathy L. Welch in blue ink.

Kathy L. Welch
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 Economics in its audit service request dated January 3, 2013. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2012 filing for the Gas Conservation Cost Recovery Clause in Docket No. 130004-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

Utility refers to the Florida City Gas.

GCCR refers to the Gas Conservation Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2012, through December 31, 2012, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the GCCR clause.

Procedures: We reconciled the 2012 filing to the Utility's monthly revenue ledgers. We compared therm usage times the correct tariff rate to the revenue recorded in the ledger. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Objectives: The objectives were to verify that operation and maintenance (O&M) expense listed on the Utility's Schedule CT-3 filing was supported by adequate documentation and that the expenses were appropriately recoverable through the GCCR clause.

Procedures: We reconciled 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 related to the GCCR and that the expense was charged to the correct accounts. We tested all advertising expenses to ensure that the expenses complied with Rule 25-17.015(5), Florida Administrative Code.

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, 2011, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2012, using the Commission approved beginning balance as of December 31, 2011, the Financial Commercial Paper rates, and the 2012 GCCR clause revenues and costs.

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 2012 to 2011 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

Exhibits

Exhibit 1: True-Up

SCHEDULE CT-3
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Florida City Gas
DOCKET NO. 130004-GU
Revised MB-1

**ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2012 THROUGH DECEMBER 2012**

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
1 RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
2 OTHER PROGRAM REVS	-	-	-	-	-	-	-	-	-	-	-	-	-
3 CONSERV. ADJ REVS	(586,204)	(535,019)	(521,560)	(488,828)	(488,291)	(444,120)	(426,554)	(428,906)	(429,389)	(456,070)	(498,761)	(535,751)	(5,817,452)
4 TOTAL REVENUES	(586,204)	(535,019)	(521,560)	(488,828)	(488,291)	(444,120)	(426,554)	(428,906)	(429,389)	(456,070)	(498,761)	(535,751)	(5,817,452)
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD	115,326	115,326	115,326	115,326	115,326	115,326	115,326	115,326	115,326	115,326	115,326	115,326	1,383,912
6 CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(470,878)	(419,693)	(408,234)	(373,502)	(352,963)	(328,794)	(311,228)	(313,580)	(314,063)	(340,744)	(381,435)	(420,425)	(4,433,540)
CONSERVATION EXPENSES													
7 (FROM CT-3, PAGE 1)	347,859	208,450	243,806	174,049	270,186	563,488	310,734	248,854	202,882	385,383	391,132	414,978	3,743,811
8 TRUE-UP THIS PERIOD	(123,019)	(211,243)	(182,428)	(199,453)	(82,779)	238,704	(494)	(84,726)	(111,181)	24,639	9,697	(5,447)	(889,729)
9 INTEREST PROVISION THIS PERIOD (FROM CT-3 PAGE 3)	57	61	37	8	(18)	(24)	(26)	(40)	(57)	(80)	(99)	(94)	(274)
10 TRUE-UP & INTER. PROV BEGINNING OF MONTH	1,078,076	837,789	511,280	233,563	(81,208)	(279,331)	(157,977)	(273,823)	(453,915)	(680,478)	(771,245)	(876,972)	
11 PRIOR PERIOD TRUE UP													
COLLECTED(REFUNDED)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	(115,326)	
12 TOTAL NET TRUE UP (SUM LINES 8+9+10+11)	837,789	511,280	233,563	(81,208)	(279,331)	(157,977)	(273,823)	(453,915)	(680,478)	(771,245)	(876,972)	(907,839)	(997,839)