

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: May 30, 2019

TO: Office of Commission Clerk

FROM: Lynn M. Deamer, ^{LD} Chief of Auditing, Office of Auditing and Performance Analysis

RE: Docket No.: 20190003-GU
Company Name: Florida City Gas
Company Code: GU602
Audit Purpose: A3c: Purchased Gas Adjustment
Audit Control No.: 2019-023-1-3

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

LMD/cmm

Attachment: Copy of Letter

Cc: Office of Auditing and Performance Analysis File.

State of Florida



Public Service Commission

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

Auditor's Report

Florida City Gas
Purchased Gas Cost Recovery Clause

Twelve Months Ended December 31, 2018

Docket No. 20190003-GU
Audit Control No. 2019-023-1-3
May 23, 2019

M Glover. for D. Brown

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Reviewer

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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 22, 2019. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2018 filing for the Purchased Gas Cost Recovery Clause in Docket No. 20190003-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Florida City Gas.
PGA refers to the Purchased Gas Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the terms sold for the period January 1, 2018, through December 31, 2018, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the PGA.

Procedure: We traced revenues reported on the 2018 filing to the Utility's general ledger and the monthly revenue reports. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. We traced unbilled revenues to the revenues summary report. 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 A-2 of the Utility's filing were supported by sufficient documentation and that the expenses are appropriately recoverable through the PGA.

Procedures: We traced expenses reported from the filing to the general ledger. We traced a random sample of O&M Expenses to source documentation to ensure the expenses were supported by sufficient documentation and that the expenses were appropriately recoverable through the PGA. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule A-2 was properly calculated.

Procedures: We traced the December 31, 2017, True-up Provision to the Commission Order. We recalculated the True-up and Interest Provision amounts as of December 31, 2018, using the Commission approved beginning balance as of December 31, 2017, the Non-financial Commercial Paper rates, and the 2018 PGA revenues and costs. No exceptions were noted.

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 2018 to 2017 revenues and expenses. There were no significant variances. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

COMPANY: FLORIDA CITY GAS		CALCULATION OF TRUE-UP AND INTEREST PROVISION FOR THE PERIOD: JANUARY 2018 THROUGH DECEMBER 2018				SCHEDULE A-2 (REVISED 6/08/94) PAGE 5 OF 12			
FOR THE PERIOD: line 9a from Doree		CURRENT MONTH: 12/18		DIFFERENCE		PERIOD TO DATE		DIFFERENCE	
		(A) ACTUAL	(B) ESTIMATE	(C) AMOUNT	(D) %	(E) ACTUAL	(F) ESTIMATE	(G) AMOUNT	(H) %
TRUE-UP CALCULATION									
1	PURCHASED GAS COST (Sch A-1 Fix down line 4+6)	1,654,184	1,906,570	252,386	13.24%	12,034,279	12,487,974	453,695	3.63%
2	TRANSP GAS COST (Sch A-1 Fix down line 1+2+3+5)	1,358,733	743,231	(615,502)	-82.81%	11,751,336	8,371,524	(3,379,812)	-40.37%
3	TOTAL	3,012,917	2,649,801	(363,116)	-13.70%	23,785,615	20,859,498	(2,926,117)	-14.03%
4	FUEL REVENUES (Sch A-1 Fix down line 14) (NET OF REVENUE TAX)	1,958,793	2,648,794	690,001	26.05%	21,250,565	20,846,963	(403,602)	-1.94%
5	TRUE-UP (COLLECTED) OR REFUNDED	(13,449)	(13,449)	-	0.00%	(161,388)	(161,388)	-	0.00%
6	FUEL REVENUE APPLICABLE TO PERIOD * (LINE 4 (+ or -) LINE 5)	1,945,344	2,635,345	690,001	26.18%	21,089,177	20,685,575	(403,602)	-1.95%
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(1,067,573)	(14,458)	1,053,117	-7285.00%	(2,696,438)	(173,923)	2,522,515	-1450.36%
8	INTEREST PROVISION-THIS PERIOD (21)	596	(1,135)	(1,731)	152.51%	20,995	(10,937)	(31,932)	291.96%
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	826,385	(569,870)	(1,396,255)	245.01%	998,211	(548,540)	(1,546,751)	281.98%
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	13,449	13,449	-	0.00%	161,388	161,388	-	0.00%
10a	PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	-	-	-
10b	MARGIN SHARING, REFUNDS & END OF PERIOD ADJ	-	-	-	-	1,288,700	-	(1,288,700)	-
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b)	(227,144)	(572,012)	(344,868)	60.29%	(227,144)	(572,012)	(344,868)	60.29%
INTEREST PROVISION									
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a)	826,385	(569,870)	(1,396,255)	245.01%	* 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)	(227,740)	(570,877)	(343,137)	60.11%				
14	TOTAL (12+13)	598,645	(1,140,748)	(1,739,392)	152.48%				
15	AVERAGE (50% OF 14)	299,322	(570,374)	(869,696)	152.48%				
16	INTEREST RATE - FIRST DAY OF MONTH	0.02270	0.02270	-	0.00%				
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.02500	0.02500	-	0.00%				
18	TOTAL (16+17)	0.04770	0.04770	-	0.00%				
19	AVERAGE (50% OF 18)	0.02385	0.02385	-	0.00%				
20	MONTHLY AVERAGE (19/12 Months)	0.00199	0.00199	-	0.00%				
21	INTEREST PROVISION (15x20)	596	(1,135)	(1,731)	152.51%				