

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-**

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**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: Florida City Gas  
Company Code: GU602  
Audit Purpose: A3e: Gas Conservation Cost Recovery  
Audit Control No.: 2023-018-1-6

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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

Florida City Gas  
Gas Conservation Cost Recovery Clause

**Twelve Months Ended December 31, 2022**

Docket No. 20230004-GU  
Audit Control No. 2023-018-1-6

**July 24, 2023**

A handwritten signature in cursive script that reads "Demetrius Jones".

Demetrius Jones  
Audit Manager

A handwritten signature in cursive script that reads "Donna D. Brown".

Donna D. Brown  
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 18, 2023. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida City Gas in support of its 2022 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20230004.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definition

Utility refers to Florida City Gas.

GCCR refers to the Gas Conservation Cost Recovery Clause.

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

**Procedures:** We computed the factors by rate code and compared them to the last Commission order (Order No. PSC-2021-0422-FOF-GU). We calculated actual therm sales from the billing register, and reconciled them to the general ledger and the GCCR filing. 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) Expense listed on the Utility's Form 42-5A filing was supported by adequate documentation and that the expenses are appropriately recoverable through the GCCR.

**Procedures:** We reconciled expenses in the filing to the general ledger. We statistically sampled O&M Expenses. 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, and appropriately related to the GCCR. We traced cash incentive payments to allowances approved in Order No. PSC-2010-0551-PAA-EG, issued September 2, 2010, and in Order No. PSC-2014-

0039-PAA-EG, issued January 14, 2014. Adverting expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, 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 Form CT-3 was properly calculated.

**Procedures:** We traced the December 31, 2021, True-Up Provision to Commission Order No. PSC-2021-0422-FOF-GU. 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

SCHEDULE CT-3  
PAGE 4 OF 5

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT  
FOR THE PERIOD JANUARY 2022 THROUGH DECEMBER 2022  
2022 FINAL TRUE-UP

CONSERVATION REVENUES	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	TOTAL
1. RCS AUDIT FEE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. OTHER PROG. REVS.	-	-	-	-	-	-	-	-	-	-	-	-	-
3. CONSERV. ADJ REVS.	(695,845)	(741,168)	(689,452)	(631,855)	(578,056)	(589,737)	(510,872)	(491,653)	(540,138)	(543,762)	(552,426)	(645,554)	(7,210,615)
4. TOTAL REVENUES	(695,845)	(741,168)	(689,452)	(631,855)	(578,056)	(589,737)	(510,872)	(491,653)	(540,135)	(543,762)	(552,426)	(645,554)	(7,210,615)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	68,547	68,547	68,547	68,547	68,547	68,547	68,547	68,547	68,547	68,547	68,547	68,547	822,560
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(627,398)	(672,622)	(620,905)	(563,309)	(509,509)	(521,190)	(442,325)	(423,108)	(471,589)	(475,215)	(483,878)	(577,007)	(6,388,055)
7. CONSERV. EXPS.	323,157	465,908	441,417	635,637	647,697	507,238	399,879	474,364	762,799	472,466	471,362	488,799	6,070,844
8. TRUE-UP THIS PERIOD (over)/under	(304,240)	(208,714)	(178,468)	72,329	138,187	(13,952)	(42,345)	51,258	291,210	(2,729)	(12,518)	(108,207)	(317,211)
9. INTEREST PROV. THIS PERIOD	55	102	130	147	252	428	538	524	840	1,246	1,176	843	6,282
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	822,560	449,878	174,669	(73,235)	(69,307)	586	(81,484)	(191,838)	(208,603)	14,900	(55,129)	(135,017)	822,560
Deferred True-up COLLECTED(REFUNDED)	469,106	469,106	469,106	469,106	469,106	469,106	469,106	469,106	469,106	469,106	469,106	469,106	469,106
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(68,547)	(822,560)
12. TOTAL NET TRUE-UP	819,934	643,775	395,870	399,799	469,692	367,622	277,268	280,503	484,007	413,977	334,089	158,178	158,178