

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:** July 16, 2021

**TO:** Office of Commission Clerk

**FROM:** Dale Mailhot, Director, Office of Auditing and Performance Analysis

**RE:** Docket No.: 20210003-GU  
Company Name: People Gas System  
Company Code: GU608  
Audit Purpose: A3c: Purchased Gas Adjustment  
Audit Control No.: 2021-021-2-1

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Attached is the Amended final audit report for the Utility stated above. I am sending the Utility a copy of this memo and the amended audit report as to the scrivener's error on page 1, service date and filing date were entered incorrectly. The correct dates have been entered and are the only corrections made to the final audit report.

DM/cmm

Attachment: Amended Audit Report

cc: Office of Auditing and Performance Analysis File.

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:** July 7, 2021

**TO:** Office of Commission Clerk *DM by AA*

**FROM:** Dale Mailhot, Director, Office of Auditing and Performance Analysis

**RE:** Docket No.: 20210003-GU  
Company Name: People Gas System  
Company Code: GU608  
Audit Purpose: A3c: Purchased Gas Adjustment  
Audit Control No.: 2021-021-2-1

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

DM/cmm

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  
Tampa District Office

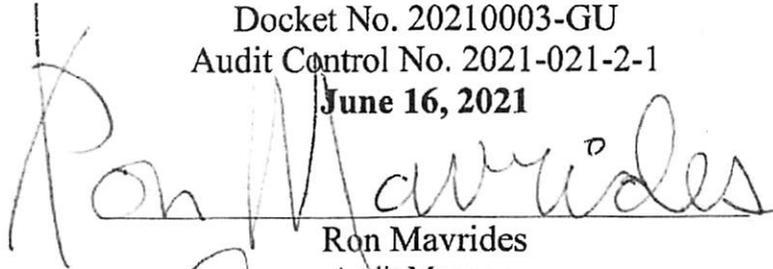
**Auditor's Report**

Peoples Gas System  
Purchased Gas Cost Recovery Clause

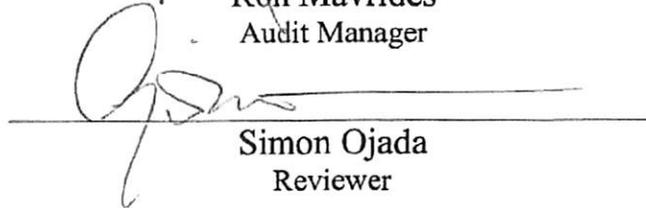
**Twelve Months Ended December 31, 2020**

Docket No. 20210003-GU  
Audit Control No. 2021-021-2-1

**June 16, 2021**



Ron Mavrides  
Audit Manager



Simon Ojada  
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 21, 2021. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Peoples Gas System in support of its 2020 filing for the Purchased Gas Cost Recovery Clause in Docket No. 20210003-GU.

This report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to the Peoples Gas System.

PGA refers to the Purchased Gas Cost Recovery Clause.

### **Revenues**

#### Operating Revenues

**Objectives:** The objectives were to determine the actual therms sold for the period January 1, 2020, through December 31, 2020, and whether the Utility applied the Commission approved cost recovery factor to actual therms sales.

**Procedures:** We traced revenues reported on the 2020 filing to the Utility's general ledger and the monthly revenue reports. A random sample of residential and commercial customers' bills was performed by rate class in this audit to verify that the correct tariff rates were used. We traced unbilled revenues to the revenue summary report. No exceptions were noted.

### **Expenses**

#### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether Operation and Maintenance (O&M) Expenses listed on Schedule A-2 of the Utility's filing were supported by sufficient documentation and that the expenses are appropriately recovered through the PGA.

**Procedures:** We traced expenses reported from the filing to the general ledger. We selected a sample of 9 O&M expenses for the months of March, July, and December 2020 and traced these to source documentation to ensure that 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, 2019, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2020, using the Commission approved beginning balance as of December 31, 2019, the Non-Financial Commercial Paper rates, and the 2020 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 whether there were any material changes or inconsistencies from the prior years.

**Procedures:** We compared 2020 to 2019, and 2018 revenues and expenses. Variances were insignificant. Further follow-up was not required.

Audit Findings

**None**

# Exhibit

## Exhibit 1: True-Up

| COMPANY: PEOPLES GAS SYSTEM |   | CALCULATION OF TRUE-UP AND INTEREST PROVISION |             |               |            | SCHEDULE A-2 |             |               |            |            |  |
|-----------------------------|---|---|-------------|---------------|------------|--------------|-------------|---------------|------------|------------|--|
| FOR THE PERIOD OF:          |   | January 20                                    |             | Through       |            | December 20  |             | Page 1 of 1   |            |            |  |
|                             |   | CURRENT MONTH:                                |             | January 2020  |            |              |             |               |            |            |  |
|                             |   | ACTUAL  | ESTIMATE    | DIFFERENCE    |            | ACTUAL       | ESTIMATE    | DIFFERENCE    |            |            |  |
|                             |   |   |             | AMOUNT        | %          |              |             | AMOUNT        | %          |            |  |
| <b>TRUE-UP CALCULATION</b>  |   |   |             |               |            |              |             |               |            |            |  |
| 1                           | PURCHASED GAS COST (A-1, LINES 4-12)                            | \$7,551,778                                   | \$4,028,824 | (\$3,513,158) | (50.86960) | \$7,551,778  | \$4,028,824 | (\$3,513,158) | (50.86960) | (0.88890)  |  |
| 2                           | TRANSPORTATION COST (A-1, LINES 1+2+3+5+6+7+8-9)                | \$5,422,824                                   | \$5,877,910 | \$155,086     | 50.27760   | \$5,422,824  | \$5,877,910 | \$155,086     | 50.27760   | 0.02750    |  |
| 3                           | TOTAL   | \$12,974,602                                  | \$9,906,734 | (\$3,067,868) | (50.34920) | \$12,974,602 | \$9,906,734 | (\$3,067,868) | (50.34920) | (0.34920)  |  |
| 4                           | FUEL REVENUES<br>(NET OF REVENUE TAX)                           | \$16,294,910                                  | \$8,616,803 | (\$6,738,007) | (50.70067) | \$16,294,910 | \$8,616,803 | (\$6,738,007) | (50.70067) | (0.70067)  |  |
| 5                           | TRUE-UP REFUND(COLLECTION)                                      | \$147,158                                     | \$147,158   | \$0           | 50.00000   | \$147,158    | \$147,158   | \$0           | 50.00000   | 0.00000    |  |
| 6                           | FUEL REVENUE APPLICABLE TO PERIOD *<br>(LINE 4 (+ or -) LINE 5) | \$16,501,668                                  | \$8,763,961 | (\$6,738,007) | (50.50511) | \$16,501,668 | \$8,763,961 | (\$6,738,007) | (50.50511) | (0.50511)  |  |
| 7                           | TRUE-UP PROVISION - THIS PERIOD<br>(LINE 6 - LINE 3)            | \$3,527,066                                   | \$147,158   | (\$3,379,908) | (53.94788) | \$3,527,066  | \$147,158   | (\$3,379,908) | (53.94788) | (22.96788) |  |
| 8                           | INTEREST PROVISION-THIS PERIOD (21)                             | \$10,190                                      | \$7,588     | (\$2,602)     | (50.34349) | \$10,190     | \$7,588     | (\$2,602)     | (50.34349) | (0.34349)  |  |
| 9                           | BEGINNING OF PERIOD TRUE-UP AND<br>INTEREST                     | \$6,610,600                                   | \$5,433,829 | (\$1,176,681) | (50.03281) | \$6,610,600  | \$5,433,829 | (\$1,176,681) | (50.03281) | (0.03281)  |  |
| 10                          | TRUE-UP COLLECTED OR (REFUNDED)<br>(REVERSE OF LINE 5)          | -\$147,158                                    | -\$147,158  | \$0           | 50.00000   | -\$147,158   | -\$147,158  | \$0           | 50.00000   | 0.00000    |  |
| 10a                         | OVER EARNINGS REFUND  | \$0   | \$0         | \$0           | 50.00000   | \$0          | \$0         | \$0           | 50.00000   | 0.00000    |  |
| 11                          | TOTAL ESTIACY TRUE-UP (7+8+9+10+10a)                            | \$9,000,597                                   | \$5,441,424 | (\$3,559,173) | (50.65489) | \$9,000,597  | \$5,441,424 | (\$3,559,173) | (50.65489) | (0.65489)  |  |
| 11a                         | REFUNDS FROM PIPELINE   | \$0   | \$0         | \$0           | 50.00000   | \$0          | \$0         | \$0           | 50.00000   | 0.00000    |  |
| 12                          | ADJ TOTAL ESTIACY TRUE-UP (11+11a)                              | \$9,000,597                                   | \$5,441,424 | (\$3,559,173) | (50.65489) | \$9,000,597  | \$5,441,424 | (\$3,559,173) | (50.65489) | (0.65489)  |  |
| <b>INTEREST PROVISION</b>   |   |   |             |               |            |              |             |               |            |            |  |
| 13                          | BEFORE TRUE-UP AND<br>INTEREST PROVISION (5)                    | \$610,508                                     | \$433,829   | (\$176,681)   | (50.23211) |              |             |               |            |            |  |
| 14                          | ENDING TRUE-UP BEFORE<br>INTEREST (13+7-8+10a+11a)              | \$980,408                                     | \$433,829   | (\$546,579)   | (50.64882) |              |             |               |            |            |  |
| 15                          | TOTAL (13+14)   | \$1,600,916                                   | \$867,658   | (\$733,258)   | (50.34382) |              |             |               |            |            |  |
| 16                          | AVERAGE (50% OF 15)   | 7,300,458                                     | \$433,829   | (\$7,834,287) | (50.34382) |              |             |               |            |            |  |
| 17                          | INTEREST RATE - FIRST<br>DAY OF MONTH                           | 1.71  | 1.71        | \$0           | 0.00000    |              |             |               |            |            |  |
| 18                          | INTEREST RATE - FIRST<br>DAY OF SUBSEQUENT MONTH                | 1.64  | 1.64        | \$0           | 0.00000    |              |             |               |            |            |  |
| 19                          | TOTAL (17+18)   | 3.35  | 3.35        | \$0           | 0.00000    |              |             |               |            |            |  |
| 20                          | AVERAGE (50% OF 19)   | 1.675   | 1.675       | \$0           | 0.00000    |              |             |               |            |            |  |
| 21                          | MONTHLY AVERAGE (20*12 Months)                                  | 0.13958                                       | 0.13958     | \$0           | 0.00000    |              |             |               |            |            |  |
| 22                          | INTEREST PROVISION (16*21)                                      | \$10,190                                      | \$7,588     | (\$2,602)     | (50.34349) |              |             |               |            |            |  |

\* If line 8 is a refund add to line 4  
 If line 5 is a collection ( ) subtract from line 4