

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1909	<b>Southwest Gas Franchise Agreement</b>	Issued:	<b>9/14/2018</b>	
1A	The Public Works staff should work with the City Attorney's Office to evaluate whether these revenues are included under the franchise agreement terms. As applicable, seek recovery from Southwest Gas for any unpaid franchise-related fees plus the associated late payment interest charges.	January 2019: Public Works sent a letter to Southwest Gas on November 30, 2018, requesting payment of past franchise related fees and supporting documentation. A response has not yet been received. April 2019: Following a meeting to discuss this matter, Public Works sent a letter to Southwest Gas stating the City has determined, based on language in the utility's Corporation Commission filings, it will accept franchise fee payments on gross revenues excluding ancillary revenues.	Implemented	<input checked="" type="checkbox"/>
1B	The Public Works staff should work with the City Attorney's Office to require Southwest Gas to provide accurate and complete supporting documentation, including support for any excluded customer revenues generated within Scottsdale boundaries.	January 2019: Public Works sent a letter to Southwest Gas on November 30, 2018, requesting payment of past franchise related fees and supporting documentation. A response has not yet been received. April 2019: Following a meeting to discuss the issues, Public Works sent a letter to Southwest Gas requesting documentation that all accounts designated as tax exempt or excluded are now paying the applicable Franchise fee and Capital Expenditures fee. Southwest Gas responded that the applicable accounts are currently being adjusted to pay the fees and documentation will be provided.	Implemented	<input checked="" type="checkbox"/>
2	The Public Works staff should require Southwest Gas to periodically submit the service address jurisdiction coding of selected address areas for verification.	January 2019: Public Works plans to send a request by January 31 for calendar 2018 data for an initial check on service address jurisdiction. April 2019: Following a meeting to discuss the issues, Public Works sent a letter to Southwest Gas requesting documentation that all customer accounts identified as having incorrect jurisdiction codes have been corrected and to work with the Real Estate department to allow biannual reviews of accounts within the three zip codes. Southwest Gas responded that the jurisdiction codes are being corrected and the company will work with Real Estate for the requested biannual reviews.	Implemented	<input checked="" type="checkbox"/>
3	None (informational).		Not Applicable	<input checked="" type="checkbox"/>