

State of Florida



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION  
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**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** June 7, 2011  
**TO:** Office of Commission Clerk  
**FROM:** Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CJP*  
**RE:** Docket No.: 110004-GU  
Company Name: Sebring Gas System, Inc.  
Company Code: GU617  
Audit Purpose: Gas Conservation Cost Recovery  
Audit Control No: 11-005-1-7

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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 were no confidential work papers associated with this audit.

CJP/ir

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

03955 JUN-8 =

FPSC-COMMISSION CLERK

State of Florida



**Public Service Commission**

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

**Auditor's Report**

Sebring Gas System, Inc.  
Gas Conservation Cost Recovery

**For the 12 Months Ended December 31, 2010**

Docket No. 110004-GU  
Audit Control No. 11-005-1-7

**June 8, 2011**

Handwritten signature of Intesar Terkawi in black ink.

Intesar Terkawi  
Audit Manager

Handwritten signature of Lynn M. Deamer in black ink.

Lynn M. Deamer  
Reviewer

DOCUMENT NUMBER-DATE

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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 Economic Regulation in its audit service request dated January 5, 2011. We have applied these procedures to the attached summary exhibit prepared by Sebring Gas System, Inc. and to several of its related schedules in support of its filing for the Energy (Gas) Conservation Cost Recovery (ECCR) in Docket No. 110004-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

### **Revenues**

**Objectives:** Our objectives were to verify that (ECCR) revenues and terms sold as filed agreed with the amounts that were recorded on the books of the Utility and that these amounts were completely and properly recorded.

**Procedures:** We compiled ECCR revenues from the Utility's books and records and traced them to the filing. We recomputed ECCR revenues using approved Florida Public Service Commission (FPSC) rate factors. We reconciled the filing to the General Ledger. We recalculated the energy charge on customer bills selected from various rate classes and determined that the Utility used the rates approved by the Commission. There were no exceptions.

### **Expenses**

**Objectives:** Our objectives were to verify that ECCR costs agree to the general ledger and other utility documentation.

**Procedures:** We compiled ECCR expenses from the Utility's books and records and agreed them to the filing. We verified that expenses were ECCR recoverable by sampling selected expenses from all the programs. We examined the advertisement contracts that the Utility has with outside companies. There were no exceptions.

### **True-up**

**Objectives:** Our objective was to verify that the true-up and interest provision amount at December 31, 2010 was properly calculated.

**Procedures:** We recalculated the true-up and interest provision amount as of December 31, 2010 using the Commission approved beginning balance as of December 31, 2009, the Commercial paper rates, and the 2010 ECCR Revenues and Costs. There were no exceptions.

Audit Findings

**None**

Exhibit 1: Schedule - CT-3 - Calculation of True-up and Interest Provision

Exhibits

SCHEDULE CT-3 PAGE 2 OF 3		Company: Sebring Gas System, Inc. Docket No. 110004-GU Exhibit JHM-1 Page 6 of 15											
Energy conservation Adjustment Calculation of True-Up and Interest Provision													
For Mont January 2010 through December 2010													
Conservation Revenues	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1 RCS AUDIT FEES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 OTHER PROGRAM REVS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 CONSERV. ADJ. REVS	(\$3,216)	(\$2,780)	(\$2,917)	(\$2,170)	(\$2,016)	(\$2,023)	(\$1,827)	(\$1,792)	(\$1,843)	(\$2,043)	(\$1,999)	(\$2,821)	(\$27,447)
4 TOTAL REVENUES	(\$3,216)	(\$2,780)	(\$2,917)	(\$2,170)	(\$2,016)	(\$2,023)	(\$1,827)	(\$1,792)	(\$1,843)	(\$2,043)	(\$1,999)	(\$2,821)	(\$27,447)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$1,940)	(\$23,281)
6 CONSERVATION REVS APPLICABLE TO THIS PERIOD	(\$5,156)	(\$4,720)	(\$4,857)	(\$4,110)	(\$3,956)	(\$3,963)	(\$3,767)	(\$3,732)	(\$3,783)	(\$3,983)	(\$3,939)	(\$4,761)	(\$50,728)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$2,113	\$1,032	\$1,801	\$3,403	\$4,202	\$1,326	\$5,998	\$7,874	\$1,324	\$2,472	\$3,467	\$2,272	\$37,284
8 TRUE-UP THIS PERIOD	(\$3,043)	(\$3,688)	(\$3,057)	(\$707)	\$246	(\$2,637)	\$2,231	\$4,142	(\$2,459)	(\$1,511)	(\$472)	(\$2,489)	(\$13,444)
9 INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(\$4)	(\$4)	(\$5)	(\$5)	(\$6)	(\$7)	(\$6)	(\$4)	(\$3)	(\$3)	(\$3)	(\$3)	(\$52)
10 TRUE-UP & INT. PROV. BEGINNING OF MONTH	(\$23,281)	(\$24,388)	(\$26,140)	(\$27,261)	(\$26,033)	(\$23,853)	(\$24,557)	(\$20,392)	(\$14,313)	(\$14,836)	(\$14,410)	(\$12,944)	
11 PRIOR TRUE-UP COLLECTED (REFUNDED)	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	\$1,940	
TOTAL NET TRUE-UP													
12 (SUM LINES 8+9+10+11)	(\$24,388)	(\$26,140)	(\$27,261)	(\$26,033)	(\$23,853)	(\$24,557)	(\$20,392)	(\$14,313)	(\$14,836)	(\$14,410)	(\$12,944)	(\$13,496)	(\$13,496)