

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: July 6, 2020
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 20200002-EI
Company Name: Gulf Power Company
Company Code: EI804
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2020-028-1-1

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: 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
Tallahassee District Office

Auditor's Report

Gulf Power Company
Energy Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2019

Docket No. 20200002-EG
Audit Control No. 2020-028-1-1
June 24, 2020

Handwritten signature of Debra M. Dobiac in black ink.

Debra M. Dobiac
Audit Manager

Handwritten signature of Marisa N. Glover in blue ink.

Marisa N. Glover
Reviewer

Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	4
Exhibit	
1: True-Up.....	5

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 28, 2020. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Gulf Power Company in support of its 2019 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20200002-EG.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Gulf Power Company.

ECCR refers to the Energy Conservation Cost Recovery Clause.

Capital Investments

Utility Plant in Service

Objectives: The objectives were to verify the accuracy of the ECCR project-related plant additions, retirements and adjustments for the period January 1, 2019, through December 31, 2019.

Procedure: We traced plant additions, retirements, and adjustments from the ECCR filing Schedule CT-4 to source documents. We recalculated total accumulated depreciation, property taxes, and return on investment for the year. No exceptions were noted.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2019, through December 31, 2019, and whether the Utility applied the Commission approved Energy Conservation cost recovery factor to actual KWH sales.

Procedures: We reconciled the 2019 filing to the Utility's monthly Energy Conservation Revenue Reports. We selected a sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. This work was performed jointly with the revenue portions of the other clause audits of the Utility. The work product is contained in Docket No. 20200001-EI, Audit Control No. 2020-007-1-1. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) expenses listed on the Utility's Schedule CT-3 filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECCR clause.

Procedures: We traced expenses in the filing to the general ledger. We traced a sample of O&M expenses to source documentation to ensure the expense was related to the ECCR and that the expenses were charged to the correct accounts. We verified that payroll was calculated correctly and appropriately recoverable through the ECCR. We traced a sample of advertising expenses to source documentation to ensure that the expenses complied with Rule 25-17.015(5), Florida Administration Code. We traced a sample of incentives to source documentation to ensure that the expenses were per Commission Order PSC-2015-0330-PAA-EG. No exceptions were noted.

Other

Objectives: The objective was to verify the number of program participants reported in the Utility's Florida Energy Efficiency and Conservation Act (FEECA) filing.

Procedures: We verified the number of program participants in the Utility's March 1, 2020 FEECA filing for the Residential Energy Audit, Residential Building Efficiency, Energy Select, and Commercial/Industrial Energy Audit programs and traced them to the program participants reported the Utility's 2019 True-up filing. No exceptions were noted.

Depreciation and Amortization

Objective: The objective was to determine that the most recent Commission approved depreciation rates or amortization periods were used in calculating Depreciation Expense.

Procedures: We recalculated depreciation expense using Commission approved rates. We traced total year depreciation expense for each capital project listed on the ECCR filing Schedule CT-4 to the general ledger detail. No exceptions were noted.

True-Up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2018, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2019, using the Commission approved beginning balance as of December 31, 2018, the Financial Commercial Paper rates, and the 2019 ECCR revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's ECCR Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2019 to 2018 revenues and expenses. The Utility had no significant variances. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

Schedule CT-3
Page 4 of 5

Gulf Power Company
ENERGY CONSERVATION COST RECOVERY (ECCR)
Calculation of the Final True-Up Amount
For the Period: January 2019 - December 2019

Conservation Costs By Program
Calculation of Over/Under Recovery

Conservation Revenues	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. EnergySelect RSVP Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Over/(Under) Recovery	939,015.70	755,920.32	831,856.11	818,219.22	1,303,678.06	1,244,013.68	1,485,961.16	1,417,290.24	1,345,628.07	1,157,668.88	784,707.35	581,108.47	12,645,068.26
3. Total Revenues	939,015.70	755,920.32	831,856.11	818,219.22	1,303,678.06	1,244,013.68	1,485,961.16	1,417,290.24	1,345,628.07	1,157,668.88	784,707.35	581,108.47	12,645,068.26
4. Adjustment not Applicable to Period - Prior True Up	167,863.00	167,861.00	167,861.00	167,861.00	167,861.00	167,861.00	167,861.00	167,861.00	167,861.00	167,861.00	167,861.00	167,861.00	2,011,934.00
5. Conservation Revenues Applicable to Period	1,106,678.70	923,581.32	999,517.11	986,880.22	1,471,339.06	1,411,874.68	1,633,622.16	1,584,951.24	1,513,289.07	1,325,329.88	952,368.35	748,770.47	14,657,002.26
6. Conservation Expenses (CT-3, Page 3, Line 15)	801,108.03	532,642.58	1,480,343.08	629,968.26	888,664.85	645,802.54	764,490.45	625,280.78	1,216,273.86	399,020.01	678,624.48	785,607.57	9,607,626.49
7. True Up this Period (Line 5 - 6)	305,570.67	390,938.74	(480,825.97)	355,911.96	602,674.21	766,072.14	869,131.71	759,670.46	297,015.21	926,309.87	273,743.87	(16,837.10)	5,049,375.77
8. Interest Provision this Period (CT-3, Page 5, Line 11)	4,972.44	5,334.62	4,989.98	4,549.82	5,101.42	6,009.06	6,847.11	7,559.01	7,939.03	7,852.38	7,814.23	7,607.32	76,576.62
9. True Up & Interest Provision Beginning of Month	2,401,822.63	2,544,702.74	2,773,315.30	2,129,818.31	2,322,619.09	2,762,733.72	3,367,153.92	4,075,471.74	4,675,040.21	4,812,333.45	5,578,834.70	5,662,731.80	2,401,822.63
10. Prior True Up Collected or Refunded	(167,863.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(167,861.00)	(2,011,934.00)
11. End of Period- Net True Up	2,544,702.74	2,773,315.30	2,129,818.31	2,322,619.09	2,762,733.72	3,367,153.92	4,075,471.74	4,675,040.21	4,812,333.45	5,578,834.70	5,662,731.80	5,515,841.02	5,515,841.02