

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 22, 2020

**TO:** Office of Commission Clerk

**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis

**RE:** Docket No.: 20200004-GU  
Company Name: Sebring Gas System  
Company Code: GU617  
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery  
Audit Control No.: 2020-029-1-4

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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.

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**

Sebring Gas System, Inc.  
Gas Conservation Cost Recovery Clause

**Twelve Months Ended December 31, 2019**

Docket No. 20200004-GU  
Audit Control No. 2020-029-1-4

**June 29, 2020**

A handwritten signature in blue ink, appearing to read "M. Glover", written over a horizontal line.

Marisa Glover  
Audit Manager

A handwritten signature in blue ink, appearing to read "T. Wolff", written over a horizontal line.

Thomas Wolff  
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 28, 2020. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Sebring Gas System, Inc. in support of its 2019 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20200004-GU.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definition

Utility refers to the Sebring Gas System, Inc.

GCCR refers to the Gas Conservation Cost Recovery Clause.

### **Revenue**

**Objectives:** The objectives were to determine the actual therms sold for the period January 1, 2019, through December 31, 2019, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales.

**Procedures:** We computed revenues using the factors in Order No. PSC-2018-0563-FOF-GU, issued November 29, 2018. We calculated actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

### **Expense**

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

**Procedures:** We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, 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. Advertising 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 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 Non-Financial Commercial Paper rates, and the 2019 GCCR revenues and costs. No exceptions were noted.

## **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 2019 to 2018 revenues and expenses. There were no significant variances. Further follow-up was not required.

Audit Findings

**None**

Exhibit

**Exhibit 1: True-Up**

SCHEDULE CT-3  
PAGE 2 OF 3

Company: Sebring Gas System, Inc.  
Docket No. 20200004-GU  
Exhibit JHM-1  
Page 6 of 18

Energy conservation Adjustment Calculation of True-Up and Interest Provision

FOR MONTHS: JANUARY 2019 THROUGH DECEMBER 2019

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 PSC REG ASSESS FEE	\$28	\$24	\$25	\$25	\$23	\$19	\$22	\$22	\$21	\$22	\$22	\$29	\$282
3 CONSERV. ADJ. REVS	(\$5,663)	(\$4,845)	(\$5,033)	(\$4,935)	(\$4,546)	(\$3,899)	(\$4,301)	(\$4,369)	(\$4,169)	(\$4,498)	(\$4,324)	(\$5,719)	(\$56,301)
4 TOTAL REVENUES	(\$5,635)	(\$4,821)	(\$5,008)	(\$4,910)	(\$4,523)	(\$3,880)	(\$4,279)	(\$4,347)	(\$4,148)	(\$4,476)	(\$4,302)	(\$5,690)	(\$56,019)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	\$1,186	\$1,186	\$1,186	\$1,186	\$1,186	\$1,186	\$1,186	\$1,186	\$1,186	\$1,186	\$1,186	\$1,182	\$14,228
6 CONSERVATION REVS APPLICABLE TO THIS PERIOD	(\$4,449)	(\$3,635)	(\$3,822)	(\$3,724)	(\$3,337)	(\$2,694)	(\$3,093)	(\$3,161)	(\$2,962)	(\$3,290)	(\$3,116)	(\$4,508)	(\$41,791)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$6,360	\$4,406	\$5,017	\$4,744	\$1,457	\$3,748	\$3,087	\$1,285	\$1,763	\$3,747	\$4,340	\$6,230	\$46,184
8 TRUE-UP THIS PERIOD	\$1,911	\$771	\$1,195	\$1,020	(\$1,881)	\$1,054	(\$6)	(\$1,876)	(\$1,199)	\$457	\$1,224	\$1,722	\$4,393
9 INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	\$29	\$30	\$29	\$29	\$26	\$23	\$19	\$15	\$10	\$9	\$6	\$6	\$230
10 TRUE-UP & INT. PROV. BEGINNING OF MONTH.	\$14,228	\$14,982	\$14,597	\$14,635	\$14,498	\$11,457	\$11,348	\$10,176	\$7,129	\$4,753	\$4,033	\$4,076	
11 PRIOR TRUE-UP (COLLECTED) REFUNDED	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,186)	(\$1,182)	
TOTAL NET TRUE-UP													
12 (SUM LINES 8+9+10+11)	\$14,982	\$14,597	\$14,635	\$14,498	\$11,457	\$11,348	\$10,176	\$7,129	\$4,753	\$4,033	\$4,076	\$4,623	\$4,623