

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 13, 2021

TO: Office of Commission Clerk

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

RE: Docket No.: 20210004-GU
Company Name: Sebring Gas System
Company Code: GU617
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery
Audit Control No.: 2021-020-1-4

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

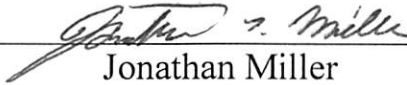
Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

Sebring Gas System, Inc.
Gas Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2020

Docket No. 20210004-GU
Audit Control No. 2021-020-1-4
June 23, 2021



Jonathan Miller
Audit Manager



Marisa Glover
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 19, 2021. 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 2020 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20210004-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, 2020, through December 31, 2020, 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-2019-0499-FOF-GU, issued November 22, 2019. 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 and in Order No. PSC-2019-0499-FOF-GU, issued November 22, 2019. 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, 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 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 2020 to 2019 revenues and expenses. We determined there was a 44.47% decrease in Outside Services and a 23.32% increase in Incentives, respectively, between 2019 and 2020. The 44.47% decrease in Outside Services was due primarily to the utility owner changing attorneys, and law firms. The 23.75% increase in Incentives was due to a new assisted living establishment that installed several natural gas water heaters during the construction period. No further work performed.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

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	\$26	\$21	\$21	\$15	\$16	\$17	\$16	\$17	\$17	\$18	\$22	\$23	\$229
3 CONSERV. ADJ. REVS	(\$5,159)	(\$4,200)	(\$4,282)	(\$3,095)	(\$3,179)	(\$3,488)	(\$3,248)	(\$3,313)	(\$3,431)	(\$3,654)	(\$4,382)	(\$4,532)	(\$45,963)
4 TOTAL REVENUES	(\$5,133)	(\$4,179)	(\$4,261)	(\$3,080)	(\$3,163)	(\$3,471)	(\$3,232)	(\$3,296)	(\$3,414)	(\$3,636)	(\$4,360)	(\$4,509)	(\$45,734)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$4,623
6 CONSERVATION REVS APPLICABLE TO THIS PERIOD	(\$4,748)	(\$3,794)	(\$3,876)	(\$2,695)	(\$2,778)	(\$3,086)	(\$2,847)	(\$2,911)	(\$3,029)	(\$3,251)	(\$3,975)	(\$4,124)	(\$41,111)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$1,036	\$1,046	\$1,045	\$1,045	\$5,764	\$11,551	\$2,957	\$4,657	\$5,640	\$6,740	\$1,985	\$8,695	\$52,162
8 TRUE-UP THIS PERIOD	(\$3,712)	(\$2,748)	(\$2,831)	(\$1,650)	\$2,986	\$8,465	\$110	\$1,746	\$2,611	\$3,489	(\$1,990)	\$4,571	\$11,048
9 INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	\$3	(\$1)	(\$7)	(\$6)	(\$1)	(\$0)	\$0	\$0	\$1	\$1	\$1	\$1	(\$8)
10 TRUE-UP & INT. PROV. BEGINNING OF MONTH.	\$4,623	\$529	(\$2,604)	(\$5,827)	(\$7,868)	(\$5,268)	\$2,812	\$2,537	\$3,899	\$6,126	\$9,231	\$6,856	
11 PRIOR TRUE-UP (COLLECTED) REFUNDED	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	(\$385)	
TOTAL NET TRUE-UP													
12 (SUM LINES 8+9+10+11)	\$529	(\$2,604)	(\$5,827)	(\$7,868)	(\$5,268)	\$2,812	\$2,537	\$3,899	\$6,126	\$9,231	\$6,856	\$11,043	\$11,043

Company: Sebring Gas System, Inc.
Docket No. 20210004-GU
Exhibit JHM-1
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Energy conservation Adjustment Calculation of True-Up and Interest Provision

FOR MONTHS: JANUARY 2020 THROUGH DECEMBER 2020