

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: June 18, 2019

TO: Office of Commission Clerk

FROM: Lynn M. Deamer, ^{LD} Chief of Auditing, Office of Auditing and Performance Analysis

RE: Docket No.: 20190004-GU
Company Name: Sebring Gas System, Inc.
Company Code: GU617
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery
Audit Control No.: 2019-029-1-4

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.

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, 2018

Docket No. 20190004-GU
Audit Control No. 2019-029-1-4

June 6, 2019

A handwritten signature in black ink, appearing to read "George Simmons", written over a horizontal line.

George Simmons
Audit Manager

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

Marisa N. 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 29, 2019. 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 2018 filing for the Gas Conservation Cost Recovery Clause in Docket No. 20190004-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 therm sold for the period January 1, 2018, through December 31, 2018, and whether the Utility applied the Commission approved cost recovery factor to actual therm sales for the GCCR.

Procedures: We computed the factors using the factors in Order No. PSC 2017-0435-FOF-GU issued November 14, 2017, and actual therm sales, and reconciled them to the general ledger and the GCCR filing. We selected a random sample of residential and commercial customers' bills for the month of March, July, and November. We 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 the 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 account, and appropriately recoverable through 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, 2017, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2018, using the Commission approved beginning balance as of December 31, 2017, the Financial Commercial Paper rates, and the 2018 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 2017 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. 20190004-GU
Exhibit JHM-1
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Energy conservation Adjustment Calculation of True-Up and Interest Provision

For Months: January 2018 through December 2018

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	\$29	\$19	\$23	\$20	\$20	\$18	\$16	\$17	\$17	\$19	\$19	\$22	\$239
3 CONSERV. ADJ. REVS	(\$5,727)	(\$3,877)	(\$4,536)	(\$4,001)	(\$3,938)	(\$3,512)	(\$3,284)	(\$3,472)	(\$3,334)	(\$3,826)	(\$3,910)	(\$4,378)	(\$47,795)
4 TOTAL REVENUES	(\$5,698)	(\$3,858)	(\$4,513)	(\$3,981)	(\$3,918)	(\$3,494)	(\$3,268)	(\$3,455)	(\$3,317)	(\$3,807)	(\$3,891)	(\$4,356)	(\$47,556)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	\$1,195	\$1,195	\$1,195	\$1,195	\$1,195	\$1,195	\$1,195	\$1,195	\$1,195	\$1,195	\$1,195	\$1,191	\$14,336
6 CONSERVATION REVS APPLICABLE TO THIS PERIOD	(\$4,503)	(\$2,663)	(\$3,318)	(\$2,786)	(\$2,723)	(\$2,299)	(\$2,073)	(\$2,260)	(\$2,122)	(\$2,612)	(\$2,696)	(\$3,165)	(\$33,220)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$6,089	\$2,449	\$9,183	\$3,913	\$1,049	\$7,033	\$2,686	\$4,039	\$2,389	\$1,639	\$1,939	\$4,720	\$47,126
8 TRUE-UP THIS PERIOD	\$1,586	(\$214)	\$5,865	\$1,127	(\$1,674)	\$4,734	\$613	\$1,779	\$267	(\$973)	(\$757)	\$1,555	\$13,906
9 INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	\$19	\$18	\$24	\$27	\$25	\$27	\$31	\$31	\$31	\$32	\$28	\$28	\$322
10 TRUE-UP & INT. PROV. BEGINNING OF MONTH	\$14,336	\$14,746	\$13,354	\$18,048	\$18,006	\$15,162	\$18,728	\$18,178	\$18,793	\$17,896	\$15,760	\$13,836	
11 PRIOR TRUE-UP (COLLECTED) REFUNDED	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,195)	(\$1,191)	
TOTAL NET TRUE-UP	\$14,746	\$13,354	\$18,048	\$18,006	\$15,162	\$18,728	\$18,178	\$18,793	\$17,896	\$15,760	\$13,836	\$14,228	\$14,228
12 (SUM LINES 8+9+10+11)	\$14,746	\$13,354	\$18,048	\$18,006	\$15,162	\$18,728	\$18,178	\$18,793	\$17,896	\$15,760	\$13,836	\$14,228	\$14,228