

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:** June 14, 2022  
**TO:** Office of the Commission Clerk  
**FROM:** Rhonda L. Hicks, Director, Office of Auditing and Performance Analysis *RH*  
**RE:** Docket No.: 20220002-EI  
Company Name: Gulf Power Company  
Company Code: EI804  
Audit Purpose: A3b: Energy Conservation Cost Recovery  
Audit Control No: 2022-019-1-1

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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 the Commission Clerk. There are no confidential work papers associated with this audit.

RLH/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, 2021**

Docket No. 20220002-EG  
Audit Control No. 2022-019-1-1

**June 13, 2022**

A handwritten signature in cursive script, reading "Ashley Sheffield", written over a horizontal line.

Ashley Sheffield  
Audit Manager

A handwritten signature in cursive script, reading "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 18, 2022. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Gulf Power Company in support of its 2021 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20220002-EG.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to Gulf Power Company.

ECCR refers to the Energy Conservation Cost Recovery Clause.

### **Capital Investments**

#### Utility Plant in Service

**Objective:** The objective was to verify the accuracy of the ECCR project-related plant additions, retirements, and adjustments for the period of January 1, 2021, through December 31, 2021.

**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, 2021, through December 31, 2021, and whether the Utility applied the Commission-approved Energy Conservation cost recovery factor to the actual KWH sales.

**Procedures:** We reconciled the 2021 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. 20220001-EI, Audit Control No. 2022-003-1-1. No exceptions were noted.

### **Expense**

#### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether the Operations and Maintenance (O&M) expenses listed on the Utility's Schedule CT-3 filing are 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 expenses were 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, Florida

Administrative Code. We traced a sample of incentives to source documentation to ensure that the expenses were in compliance with Commission-approved Order No. PSC 2015-0330-PAA-EG. No exceptions were noted.

### Other

**Objective:** 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, 2022 FEECA filing for the Commercial Building Efficiency, Energy Select, HVAC Efficient Improvement, and Residential Building Efficiency and traced them to the program participants in the Utility's 2021 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 when 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, 2020, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2021, using the Commission-approved beginning balance, as of December 31, 2020, the Financial Commercial Paper rates, and the 2021 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 2021 to 2020 revenues and expenses. The Utility had no significant variances. No further work was performed.

Audit Findings

**None**

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# Exhibit

## Exhibit 1: True-Up

Schedule CT-3

**Gulf Power Company**  
**ENERGY CONSERVATION COST RECOVERY (ECCR)**  
**Calculation of the Final True-Up Amount**  
**For the Period: January 2021 - December 2021**

**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 Energy Select Program Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Conservation Revenues	544,064	529,668	481,991	452,734	689,311	851,091	984,537	909,377	681,602	734,657	489,821	592,409	7,941,263
a Curtailable Load Credit (CT-3, page 2, line 11)	55,210	55,210	55,210	55,210	55,210	55,210	55,210	55,210	55,210	55,210	47,919	62,501	682,518
b Revenue Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Total Revenues	599,274	584,878	537,201	507,943	744,521	906,301	1,039,747	964,586	736,812	789,867	537,740	654,910	8,603,781
4 Adjustment not Applicable to Period - Prior True Up	157,591	157,591	157,591	157,591	157,591	157,591	157,591	157,591	157,591	157,591	157,591	157,591	1,891,092
5 Conservation Revenues Applicable to Period	758,865	742,469	694,792	665,534	902,112	1,063,892	1,197,338	1,122,177	894,403	947,458	695,331	812,501	10,494,873
6 Conservation Expenses (CT-3, Page 3, Line 13)	596,479	577,228	633,921	640,653	600,393	623,587	231,734	589,515	1,232,236	569,763	653,454	903,972	7,852,934
7 True Up this Period (Line 5 - 6)	160,386	165,241	60,871	24,882	301,719	440,305	965,604	532,662	(337,833)	377,695	41,977	(91,471)	2,641,939
8 Interest Provision this Period (CT-3, Page 5, Line 11)	118	118	136	113	70	87	133	144	153	188	217	203	1,660
9 True Up & Interest Provision Beginning of Month	1,891,091	1,894,004	1,901,772	1,905,187	1,872,592	1,816,788	2,099,590	2,907,736	3,303,878	2,808,407	3,028,679	2,913,183	1,891,091
a Deferred true-up beginning of period	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)	(226,949)
10 Prior True Up Collected or Refunded	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(157,591)	(1,891,092)
11 Adjustments to Period Total True-up Including Interest *	0	0	0	0	0	0	0	20,727	0	0	0	0	20,727
12 End of Period - Not True Up	1,667,055	1,674,823	1,578,238	1,445,043	1,589,840	1,872,641	2,680,787	3,076,729	2,581,458	2,801,730	2,688,234	2,437,375	2,437,375

\* Adjustment to reflect the change in the Florida state tax rate from 4.458% to 3.535%. The reduction in tax rate impacted 2020 and 2021, and a retroactive adjustment was booked in August 2021.

Docket No. 20220002-EG  
 2021 ECCR Final True Up Calculation  
 Exhibit JNF-2, Page 8 of 16