

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 11, 2025

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lynn Deamer, Bureau Chief, Office of Auditing & Performance Analysis *LID*

RE: Docket No.: 20250004-GU
Company Name: Sebring Gas System, Inc.
Company Code: GU617
Audit Purpose: A3e: Gas Conservation Cost Recovery Clause (GCCR)
Audit Control No.: 2025-016-1-9

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.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Sebring Gas System, Inc.
Natural Gas Conservation Cost Recovery

Twelve Months Ended December 31, 2024

Docket No. 20250004-GU
Audit Control No. 2025-016-1-9
July 10, 2025

A handwritten signature in blue ink, reading "Jenna Ageeb", positioned above a horizontal line.

Jenna Ageeb
Audit Manager

A handwritten signature in blue ink, reading "Lynn M Deamer", positioned above a horizontal line.

Lynn Deamer
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 16, 2025. 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 2024 filing for the Natural Gas Conservation Cost Recovery in Docket No. 20250004-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the Sebring Gas System, Inc.

GCCR refers to the Natural Gas Conservation Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2024, through December 31, 2024, and whether the Company applied the Commission-approved cost recovery factor to actual therm sales for the GCCR.

Procedures: We computed revenues using the factors by rate codes and compared them to the last Commission Order No. PSC-2024-0486-FOF-GU. We calculated actual therm sales from the Gross Margin Report, and reconciled them to the general ledger and the GCCR filing. We examined a sample of residential and commercial customers' bills and recalculated them to verify the correct tariff rate was used. 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 Company's GCCR filing are 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 examined a sample of O&M Expenses and tested for the proper period, charged to the correct accounts, 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 Order No. PSC-2014-0039-PAA-EG, issued January 14, 2014. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Florida Administrative code. No exceptions were noted.

True-up and Interest Provision

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

Procedures: We traced the December 31, 2023, True-Up Provision to the Commission Order No. PSC-2023-0346-FOF-GU. We recalculated the True-Up and Interest Provision amounts as of December 31, 2024, using the Commission-approved beginning balance as of December 31, 2023, the Financial Commercial Paper rates, and the 2024 GCCR revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2023 to 2024 revenues and expenses. Audit Staff determined there was a 13.65% increase in outside services and a 42.07% decrease in incentives, respectively, between 2023 and 2024. Sufficient explanations were obtained. No further work performed.

Audit Findings

None

Exhibit

Exhibit 1: True Up

SCHEDULE CT-3

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Company: Sebring Gas System, Inc.

Docket No. 20250004-GU

Exhibit JHM-1

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Energy conservation Adjustment Calculation of True-Up and Interest Provision

FOR MONTHS: JANUARY 2024 THROUGH DECEMBER 2024

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	\$20	\$18	\$15	\$17	\$15	\$13	\$15	\$14	\$14	\$22	\$14	\$20	\$196
3 CONSERV. ADJ. REVS	(\$3,994)	(\$3,508)	(\$3,065)	(\$3,396)	(\$2,985)	(\$2,565)	(\$2,925)	(\$2,709)	(\$2,829)	(\$4,351)	(\$2,895)	(\$3,968)	(\$39,189)
4 TOTAL REVENUES	(\$3,974)	(\$3,491)	(\$3,050)	(\$3,379)	(\$2,970)	(\$2,552)	(\$2,910)	(\$2,695)	(\$2,815)	(\$4,329)	(\$2,880)	(\$3,949)	(\$38,993)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	\$777	\$777	\$777	\$777	\$777	\$777	\$777	\$777	\$777	\$777	\$777	\$777	\$9,329
6 CONSERVATION REVS APPLICABLE TO THIS PERIOD	(\$3,197)	(\$2,713)	(\$2,272)	(\$2,602)	(\$2,192)	(\$1,775)	(\$2,133)	(\$1,918)	(\$2,038)	(\$3,551)	(\$2,103)	(\$3,171)	(\$29,664)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$1,271	\$1,124	\$2,422	\$1,047	\$1,385	\$1,047	\$1,158	\$1,499	\$3,464	\$6,598	\$1,236	\$11,413	\$33,663
8 TRUE-UP THIS PERIOD	(\$1,926)	(\$1,590)	\$150	(\$1,555)	(\$808)	(\$727)	(\$974)	(\$419)	\$1,426	\$3,046	(\$867)	\$8,242	\$3,999
9 INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	\$36	\$24	\$18	\$11	\$3	(\$4)	(\$11)	(\$18)	(\$18)	(\$12)	(\$10)	\$1	\$19
10 TRUE-UP & INT. PROV. BEGINNING OF MONTH.	\$9,329	\$6,662	\$4,319	\$3,709	\$1,388	(\$194)	(\$1,703)	(\$3,467)	(\$4,680)	(\$4,050)	(\$1,793)	(\$3,447)	
11 PRIOR TRUE-UP (COLLECTED) REFUNDED	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	(\$777)	
TOTAL NET TRUE-UP													
12 (SUM LINES 8+9+10+11)	\$6,662	\$4,319	\$3,709	\$1,388	(\$194)	(\$1,703)	(\$3,467)	(\$4,680)	(\$4,050)	(\$1,793)	(\$3,447)	\$4,018	\$4,018

Exhibit 2: Interest Provision

SCHEDULE CT-3
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Company: Sebring Gas System, Inc.
Docket No. 20250004-GU
Exhibit JHM-1
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Calculation of True-Up and Interest Provision
FOR MONTHS: JANUARY 2024 THROUGH DECEMBER 2024

Interest Provision	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	<u>TOTAL</u>
1 BEGINNING TRUE-UP	\$9,329	\$6,662	\$4,319	\$3,709	\$1,388	(\$194)	(\$1,703)	(\$3,467)	(\$4,680)	(\$4,050)	(\$1,793)	(\$3,447)	
ENDING TRUE-UP BEFORE													
2 INTEREST	\$6,626	\$4,295	\$3,691	\$1,377	(\$197)	(\$1,699)	(\$3,455)	(\$4,663)	(\$4,032)	(\$1,782)	(\$3,437)	\$4,017	
TOTAL BEGINNING &													
3 ENDING TRUE-UP	\$15,955	\$10,956	\$8,010	\$5,086	\$1,191	(\$1,894)	(\$5,158)	(\$8,129)	(\$8,712)	(\$5,832)	(\$5,230)	\$569	
AVERAGE TRUE-UP													
4 (LINE 3 x 50%)	\$7,977	\$5,478	\$4,005	\$2,543	\$595	(\$947)	(\$2,579)	(\$4,065)	(\$4,356)	(\$2,916)	(\$2,615)	\$285	
INT. RATE - 1ST DAY													
5 OF REPORTING MONTH	5.34%	5.34%	5.29%	5.33%	5.34%	5.31%	5.30%	5.31%	5.21%	4.91%	4.75%	4.58%	
INT. RATE - 1ST DAY													
6 OF SUBSEQUENT MONTH	5.34%	5.29%	5.33%	5.34%	5.31%	5.30%	5.31%	5.21%	4.91%	4.75%	4.58%	4.36%	
7 TOTAL (LINES 5 + 6)	10.68%	10.63%	10.62%	10.67%	10.65%	10.61%	10.61%	10.52%	10.12%	9.66%	9.33%	8.94%	
AVG. INT. RATE													
8 (LINE 7 x 50%)	5.34%	5.32%	5.31%	5.34%	5.33%	5.31%	5.31%	5.26%	5.06%	4.83%	4.67%	4.47%	
MONTHLY AVG.													
9 INT. RATE	0.45%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.42%	0.40%	0.39%	0.37%	
10 INTEREST PROVISION													
(LINE 4 x LINE 9)	\$36	\$24	\$18	\$11	\$3	(\$4)	(\$11)	(\$18)	(\$18)	(\$12)	(\$10)	\$1	\$19