

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:** May 31, 2016  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 160002-EG  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: Energy Conservation Cost Recovery Clause  
Audit Control No: 16-019-2-3

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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/cm

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  
Tampa District Office

### Auditor's Report

Tampa Electric Company  
Energy Conservation Cost Recovery Clause

**Twelve Months Ended December 31, 2015**

Docket No. 160002-EG  
Audit Control No. 16-019-2-3  
**May 9, 2016**

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

Simon Ojada  
Audit Manager

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

Linda Hill  
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, 2016. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2015 filing for the Energy Conservation Cost Recovery Clause in Docket No. 160002-EG.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to the Tampa Electric Company.

ECCR refers to the Energy Conservation Cost Recovery.

### **Capital Investments**

#### Utility Plant in Service

**Objectives:** The objectives were to verify the Utility's ECCR project related additions, retirements, and adjustments for the period January 1, 2015, through December 31, 2015.

**Procedures:** We obtained the Utility's subsidiary ledger of all ECCR plant balances as of December 31, 2015. We reconciled each to the ECCR 2015 filing. We randomly selected transactions from three programs: Energy Education Outreach, Energy Audits, and Commercial Demand Response, and traced to the respective invoice and documentation. No exceptions were noted.

### **Revenue**

#### Operating Revenues

**Objectives:** The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2015, through December 31, 2015, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the ECCR Clause.

**Procedures:** We traced the 2015 filing to the Utility's monthly ECCR Revenue Reports. We recalculated revenues for the months of January through December by multiplying KWH sales by Commission approved ECCR factors. A random sample of residential and commercial customers' bills test was performed by rate class in Docket No. 160007-EI, Audit Control Number 16-028-2-2 to verify that the correct tariff rate was used. No exceptions were noted.

## **Expense**

### Operation and Maintenance Expense

**Objectives:** The objectives were to verify that Operation and Maintenance (O&M) Expense listed on Schedule CT-3 of the filing was 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 detail. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure that the expense was for the current period, was charged to the correct accounts, and was appropriately recoverable through the ECCR Clause. We reviewed all Advertising expenses for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

### Depreciation Expense

**Objective:** The objective was to verify that the most recent Commission approved depreciation rates were used in calculating Depreciation Expense.

**Procedures:** We reconciled the Depreciation Expense to the general ledger. We recalculated Depreciation Expense for the program assets using the approved depreciation rates. 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 requested and verified the number of program participants reported in the Utility's (FEECA) Filing for the following programs: Prime Time, Industrial Load Management, Residential Building Envelope Improvement, and Commercial Demand Response. 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, 2014, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2015, using the Commission approved beginning balance as of December 31, 2014, the Financial Commercial Paper rates, and the 2015 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 2015 to 2014 and 2013 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

**None**



## Exhibit

### Exhibit 1: True-Up

CT-3  
Page 2 of 3

TAMPA ELECTRIC COMPANY  
Energy Conservation Adjustment  
Calculation of True-up and Interest Provision  
For Months January 2015 through December 2015

Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Residential Conservation Audit Fees (A)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 Conservation Adjustment Revenues *	3,134,934	3,037,710	3,114,108	3,343,478	3,616,066	4,057,108	4,178,181	3,953,130	4,145,902	3,815,176	3,496,798	3,248,976	43,141,568
3 Total Revenues	3,134,934	3,037,710	3,114,108	3,343,478	3,616,066	4,057,108	4,178,181	3,953,130	4,145,902	3,815,176	3,496,798	3,248,976	43,141,568
4 Prior Period True-up	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>520,784</u>	<u>6,249,410</u>
5 Conservation Revenue Applicable to Period	3,655,718	3,558,494	3,634,892	3,864,262	4,136,850	4,577,892	4,698,965	4,473,914	4,666,686	4,335,960	4,017,582	3,789,762	49,390,978
6 Conservation Expenses	<u>3,658,262</u>	<u>3,651,286</u>	<u>3,607,710</u>	<u>4,183,216</u>	<u>3,765,217</u>	<u>3,966,383</u>	<u>4,208,019</u>	<u>3,598,707</u>	<u>3,583,687</u>	<u>3,962,872</u>	<u>3,771,454</u>	<u>4,559,626</u>	46,516,419
7 True-up This Period (Line 5 - Line 6)	(2,544)	(92,792)	27,182	(318,954)	371,633	611,529	490,946	875,207	1,082,999	373,088	246,128	(789,864)	2,874,559
8 Interest Provision This Period	583	538	493	329	348	394	401	465	563	584	619	1,112	6,429
9 True-up & Interest Provision Beginning of Period	\$7,550,001	7,027,256	6,414,218	5,921,109	5,081,700	4,932,897	5,024,036	4,994,599	5,349,487	5,912,265	5,765,153	5,491,116	7,550,001
10 Prior Period True-up Collected (Refunded)	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(520,784)</u>	<u>(6,249,410)</u>
11 End of Period Total Net True-up	<u>\$7,027,256</u>	<u>\$6,414,218</u>	<u>\$5,921,109</u>	<u>\$5,081,700</u>	<u>\$4,932,897</u>	<u>\$5,024,036</u>	<u>\$4,994,599</u>	<u>\$5,349,487</u>	<u>\$5,912,265</u>	<u>\$5,765,153</u>	<u>\$5,491,116</u>	<u>\$4,181,578</u>	<u>\$4,181,579</u>