

ORIGINAL

STATE OF FLORIDA

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TIMOTHY DEVLIN, DIRECTOR  
AUDITING & FINANCIAL ANALYSIS  
(850) 413-6480

Public Service Commission

July 22, 1999

Ms. Angela Llewellyn  
Tampa Electric Company  
Regulatory Affairs  
P. O. Box 111  
Tampa, FL 33601-0111

**Re: Docket No. 990002-EG; Tampa Electric Company  
Audit Report; Conservation -- Nine-month Period Ended December 31, 1998  
Audit Control No. 99-062-2-3**

Ms. Llewellyn:

The enclosed audit report is forwarded for your review. If you desire to file a response to the audit, please file one with the Division of Records and Reporting so it may be forwarded for consideration by the staff analysts in their review of the audit.

Sincerely,

Denise N. Vandiver  
Bureau Chief - Auditing Services

- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- MAS \_\_\_\_\_
- OPC \_\_\_\_\_
- RRR \_\_\_\_\_
- SEC \_\_\_\_\_
- WAW \_\_\_\_\_
- OTH \_\_\_\_\_

DNV: sp

cc:  Division of Records and Reporting  
 Division of Auditing and Financial Analysis (Devlin/Causseaux/Harvey/File Folder)  
 Division of Electric and Gas (Colson)  
 Tampa District Office (McPherson)  
 Division of Legal Services  
 Office of Public Counsel

DOCUMENT NUMBER - DATE  
08772 JUL 26 99  
PSC-RECORDS/REPORTING



**FLORIDA PUBLIC SERVICE COMMISSION**

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS  
BUREAU OF AUDITING SERVICES*

*TAMPA DISTRICT OFFICE*

**TAMPA ELECTRIC COMPANY**

**ENERGY CONSERVATION COST RECOVERY AUDIT**

**NINE MONTH PERIOD ENDED DECEMBER 31, 1998**

**Docket No. 990002-EG  
Audit Control Number 99-062-2-2 3**

A handwritten signature in cursive script, reading "Thomas E. Stambaugh".

**Thomas E. Stambaugh  
Audit Manager**

A handwritten signature in cursive script, reading "Simon O. Ojada".

**Simon O. Ojada  
Audit Staff**

A handwritten signature in cursive script, reading "James A. McPherson".

**James A. McPherson  
Tampa District Supervisor**

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**DIVISION OF AUDITING AND FINANCIAL ANALYSIS  
AUDIT REPORT**

**July 13, 1999**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to audit the Energy Conservation Cost Recovery (ECCR) schedules for the nine month period ended December 31, 1998 prepared by Tampa Electric Company in support of Docket No. 990002-EG. There is no confidential information associated with this audit and there are no audit staff minority opinions.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

In our opinion, the schedules referred to above present fairly, in all material respects, the Utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission.

## **SUMMARY OF SIGNIFICANT PROCEDURES:**

Our audit was performed by examining on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Verify** - The item was tested for accuracy, and substantiating documentation was examined.

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**REVENUES:** Compiled Energy Conservation Cost Recovery (ECCR) revenue and agreed to the filing. Recomputed revenues using approved FPSC rate factors and company provided KWH sales. Tested customer bills to verify that approved billing factors were in use.

**EXPENSES:** Compiled ECCR expenses and agreed to the filing. Scheduled expenses by program and by categories of expense. Judgmentally tested advertising charges to verify that they were properly recoverable through the ECCR and did not compare electric vs. gas technologies. Tested payroll by tracing payroll dollars to labor distribution reports and time sheets. Identified conservation programs that exceeded the budgeted amount by 5% or more. Of those programs which exceeded budget, verified the accuracy of expenditures associated with Ceiling Insulation and DSM Commercial R&D.

**TRUE-UP:** Recomputed ECCR true-up and interest calculation using FPSC approved amounts and interest rates.

**Other:** Ascertained that the utility's accounting procedures are consistent with FPSC Rule 25-17.015, F. A. C., Energy Conservation Cost Recovery.

TAMPA ELECTRIC COMPANY  
Actual Conservation Program Costs per Program  
Actual for Months April 1998 through December 1998

Program Name	(A) Capital Investment	(B) Payroll & Benefits	(C) Materials & Supplies	(D) Outside Services	(E) Advertising	(F) Incentives	(G) Vehicles	(H) Other	(I) Program Revenues	(J) Total
1. Heating and Cooling	0	48,908	0	30,144	202,504	2,242,350	393	0	0	2,524,299
2. Prime Time	868,637	585,803	141,564	98,297	18,683	6,908,354	48,141	32,626	0	8,702,105
3. Energy Audits	0	487,523	1,603	369,030	59,293	0	44,068	6,359	0	967,876
4. Cogeneration	0	187,563	0	0	0	0	6,211	0	0	193,774
5. Ceiling Insulation	0	47,776	113	354	2,050	990,750	2,340	0	0	1,043,383
6. C & I Load Management	2,141	3,177	0	494	12,523	16,913	681	0	0	35,929
7. Commerical Lighting	0	9,396	0	0	21,448	342,839	779	0	0	374,462
8. Standby Generator	0	30,708	4,130	3,979	0	413,514	1,593	106	0	454,030
9. Conservation Value	0	2,640	0	0	0	10,582	53	0	0	13,275
10. Duct Repair	0	95,652	3,385	161,472	65,700	260,369	13,194	1,976	0	601,748
11. Builder Awareness	0	0	0	0	0	0	0	500	0	500
12. Green Pricing Initiative	0	0	0	0	0	0	0	0	0	0
13. DSM Commercial R&D	0	10,025	154,207	77,795	0	0	388	0	0	242,415
14. Natural Gas R&D	0	65	0	78,987	0	0	0	0	0	79,052
15. Common Expenses	0	120,932	605	4,215	0	0	2,076	7,929	0	135,757
16. Total All Programs	<u>870,778</u>	<u>1,630,168</u>	<u>305,607</u>	<u>824,767</u>	<u>382,201</u>	<u>11,185,671</u>	<u>119,917</u>	<u>49,496</u>	<u>0</u>	<u>15,368,605</u>

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 990002-EG  
 TAMPA ELECTRIC COMPANY  
 (HTB-1)  
 SCHEDULE CT-2  
 PAGE 2 OF 4

TAMPA ELECTRIC COMPANY  
 Energy Conservation Adjustment  
 Calculation of True-up and Interest Provision  
 For Months April 1998 through December 1998

B. Description	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
2. Conservation Adjustment Revenues *	1,514,829	1,602,798	2,067,298	2,209,845	2,072,634	2,111,148	1,936,392	1,614,046	1,668,190	16,797,180
3. Total Revenues	1,514,829	1,602,798	2,067,298	2,209,845	2,072,634	2,111,148	1,936,392	1,614,046	1,668,190	16,797,180
4. Prior Period True-up	162,643	162,643	162,643	162,643	162,643	162,643	454,365	454,365	454,365	2,338,953
5. Conservation Revenue Applicable to Perio	1,677,472	1,765,441	2,229,941	2,372,488	2,235,277	2,273,791	2,390,757	2,068,411	2,122,555	19,136,133
6. Conservation Expenses	1,505,127	1,536,818	1,605,243	1,683,193	1,957,936	1,584,238	1,586,621	1,917,186	1,992,243	15,368,605
7. True-up This Period (Line 5 - Line 6)	172,345	228,623	624,698	689,295	277,341	689,553	804,136	151,225	130,312	3,767,528
8. Interest Provision This Period	4,531	4,706	5,981	8,333	9,800	10,984	12,475	12,981	11,415	81,206
9. True-up & Interest Provision Beginning of Period	975,858	990,091	1,060,777	1,528,813	2,063,798	2,188,296	2,726,190	3,088,436	2,798,277	975,858
10. Prior Period True-up Collected (Refunded)	(162,643)	(162,643)	(162,643)	(162,643)	(162,643)	(162,643)	(454,365)	(454,365)	(454,365)	(2,338,953)
11. End of Period Total Net True-up	990,091	1,060,777	1,528,813	2,063,798	2,188,296	2,726,190	3,088,436	2,798,277	2,485,639	2,485,639

\* Net of Revenue Taxes

(A) Included in Line 6

\*\*\*\* Conservation expenses were adjusted in April 1998 - Adjustment made to Depreciation Base and Accum. Depreciation on Schedules CT-4 pages 1 & 2 was not reflected on this schedule. End of Period Total Net True-up was impacted by this correction.

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 990002-EG  
 TAMPA ELECTRIC COMPANY  
 (HTB-1)  
 SCHEDULE CT-3  
 PAGE 2 OF 3

TAMPA ELECTRIC COMPANY  
 Energy Conservation Adjustment  
 Calculation of True-up and Interest Provision  
 For Months April 1998 through December 1998

C.	Interest Provision	April	May	June	July	August	September	October	November	December	Total
1.	Beginning True-up Amount	975,858	990,091	1,060,777	1,528,813	2,063,798	2,188,296	2,726,190	3,088,436	2,798,277	
2.	Ending True-up Amount Before Interest	985,560	1,056,071	1,522,832	2,055,465	2,178,496	2,715,206	3,075,961	2,785,296	2,474,224	
3.	Total Beginning & Ending True-up	1,961,418	2,046,162	2,583,609	3,584,278	4,242,294	4,903,502	5,802,151	5,873,732	5,272,501	
4.	Average True-up Amount (50% of Line 3)	980,709	1,023,081	1,291,805	1,792,139	2,121,147	2,451,751	2,901,076	2,936,866	2,636,251	
5.	Interest Rate - First Day of Month	5.550%	5.530%	5.500%	5.600%	5.560%	5.520%	5.220%	5.100%	5.500%	
6.	Interest Rate - First Day of Next Month	5.530%	5.500%	5.600%	5.560%	5.520%	5.220%	5.100%	5.500%	4.900%	
7.	Total (Line 5 + Line 6)	11.080%	11.030%	11.100%	11.160%	11.080%	10.740%	10.320%	10.600%	10.400%	
8.	Average Interest Rate (50% of Line 7)	5.540%	5.515%	5.550%	5.580%	5.540%	5.370%	5.160%	5.300%	5.200%	
9.	Monthly Average Interest Rate (Line 8/12)	0.462%	0.460%	0.463%	0.465%	0.462%	0.448%	0.430%	0.442%	0.433%	
10.	Interest Provision (Line 4 x Line 9)	\$4,531	\$4,706	\$5,981	\$8,333	\$9,800	\$10,984	\$12,475	\$12,981	\$11,415	\$81,206

EXHIBIT NO. \_\_\_\_\_  
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 (HTB-1)  
 SCHEDULE CT-3  
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