

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: July 26, 2001
TO: Division of Safety and Electric Reliability (Colson)
FROM: Division of Regulatory Oversight (Vandiver) *OV*
RE: Docket No. 010002-EG; Tampa Electric Company; Conservation audit; Audit Control No. 01-058-2-2

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 the response to the Division of Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
Division of Commission Clerk and Administrative Services (2)
Division of Legal Services

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

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*

Tampa District Office

TAMPA ELECTRIC COMPANY

ENERGY CONSERVATION COST RECOVERY AUDIT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000

**Docket Number 010002-EG
Audit Control Number 01-058-2-2**

Handwritten signature of Vincent Aldridge in black ink.

**Vincent Aldridge
Audit Staff**

Handwritten signature of Simon O. Ojada in black ink.

**Simon O. Ojada
Audit Manager**

Handwritten signature of James A. McPherson in black ink.

**James A. McPherson
Tampa District Supervisor**

TABLE OF CONTENTS

I. AUDITOR'S REPORT	Page
PURPOSE.....	1
DISCLAIM PUBLIC USE.....	1
SUMMARY OF SIGNIFICANT PROCEDURES.....	2
 II. DISCLOSURES	
1. ADVERTISING EXPENSE.....	3
 III. EXHIBITS	
ACTUAL CONSERVATION COSTS PER PROGRAM (SCH. CT-2, P2).....	4
CALCULATION OF TRUE-UP AND INTEREST (SCH. CT-3, P2).....	5

**DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT**

JULY 16, 2001

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 twelve-month period ended December 31, 2000 prepared by Tampa Electric Company. These schedules were prepared by the utility in support of Docket No. 010002-EG. There is no confidential information associated with this audit.

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.

SUMMARY OF SIGNIFICANT FINDINGS: Tampa Electric included in its ECCR filing advertising expenses totaling \$149,208 that did not conform to Rule 25-17.015 (5), F.A.C.

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.

REVENUES: Compiled Energy Conservation Cost Recovery (ECCR) revenue and agreed to the filing. Re-computed revenues using approved FPSC rate factors and company provided KWH sales.

EXPENSES: Compiled ECCR expenses and agreed to the filing. Scheduled expenses by program and by categories of expense. Verified the calculation of Depreciation and Return on Investment for the Prime Time and Commercial and Industrial (C&I) Load Management programs. Judgmentally tested advertising charges to verify that they were properly recoverable through the ECCR and did not compare electric with gas technologies. Identified conservation programs that exceeded the budgeted amount by 5% or more. Tested incentive payments for the Heating and Cooling and Duct Repair programs.

TRUE-UP: Re-computed 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. for Energy Conservation Cost Recovery.

Disclosure No. 1

Subject: Advertising Expenses

Statement of Fact: Rule 25-17.015 (5), F.A.C. states “Advertising expense recovered through energy conservation cost recovery shall be directly related to an approved conservation program, shall not mention a competing energy source, and shall not be company image enhancing.”

Recommendation: Tampa Electric Company included in its Energy Conservation Cost Recovery (ECCR) filing for the twelve months ending December 31, 2000 advertising expenses that appear to conflict with the requirements of Rule 25-17.015 (5), F.A.C. Total advertising expenses that are substantially image enhancing and are not directly related to a specifically approved conservation program amounted to \$147,480.

ECCR filing should be adjusted by \$147,480 to remove expenses that do not conform to Rule 25-17.015 (5), F.A.C.

TAMPA ELECTRIC COMPANY
Actual Conservation Program Costs per Program
Actual for Months January 2000 through December 2000

Program Name	Capital Investment	Payroll & Benefits	Materials & Supplies	Outside Services	Advertising	Incentives	Vehicles	Other	Program Revenues	Total
1 Heating and Cooling	0	50,747	0	12,025	168,432	448,375	271	4,336	0	684,186
2 Prime Time	1,305,870	737,404	150,343	69,707	40,044	9,207,771	46,025	56,988	0	11,614,252
3 Energy Audits	0	606,107	4,059	327,709	82,952	0	42,777	35,957	0	1,099,561
4 Cogeneration	0	258,922	0	0	0	0	8,021	0	0	266,943
5 Ceiling Insulation	0	113,215	0	0	8,420	614,866	5,645	2,533	0	744,679
6 Commercial Load Management	51	8,159	0	0	5,142	6,799	602	0	0	20,753
7 Commercial Lighting	0	23,978	63	0	24,077	330,533	1,108	22	0	379,781
8 Standby Generator	0	40,428	51,115	1,861	0	605,322	747	0	0	699,473
9 Conservation Value	0	7,231	29	0	0	136,668	328	0	0	144,256
10 Duct Repair	0	164,503	9,371	116,675	226,647	265,243	20,541	17,560	0	820,540
11 Green Pricing Initiative	0	0	0	0	0	0	0	0	0	0
12 Industrial Load Management	0	0	0	0	0	0	0	0	0	0
13 DSM R&D	0	1,578	0	0	0	0	0	551	0	2,129
14 Common Expenses	0	172,345	0	0	0	0	266	0	0	172,611
15 Commercial Cooling	0	471	30	0	0	433	0	0	0	934
16 Energy Plus Homes	0	4,746	1,247	98	0	0	61	0	0	6,152
17 Total All Programs	1,306,021	2,189,834	216,257	528,075	555,714	11,616,010	126,392	117,947	0	16,656,250

EXHIBIT NO. _____
DOCKET NO. 010002-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 January 2000 through December 2000

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 *	1,273,632	1,260,501	1,110,329	1,189,825	1,332,156	1,645,337	1,584,469	1,800,765	1,632,510	1,482,070	1,206,746	1,293,124	16,611,464
3 Total Revenues	1,273,632	1,260,501	1,110,329	1,189,825	1,332,156	1,645,337	1,584,469	1,800,765	1,632,510	1,482,070	1,206,746	1,293,124	16,811,464
4 Prior Period True-up	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,181</u>	<u>192,178</u>	<u>2,306,169</u>
5 Conservation Revenue Applicable to Period	1,485,813	1,452,682	1,302,510	1,382,006	1,524,337	1,837,518	1,776,650	1,792,646	1,824,691	1,674,251	1,398,927	1,485,302	18,917,633
6 Conservation Expenses	<u>1,485,005</u>	<u>1,587,830</u>	<u>1,380,565</u>	<u>1,330,829</u>	<u>1,344,077</u>	<u>1,387,162</u>	<u>1,217,098</u>	<u>1,325,818</u>	<u>1,317,686</u>	<u>1,365,412</u>	<u>1,431,966</u>	<u>1,482,702</u>	<u>16,858,250</u>
7 True-up This Period (Line 5 - Line 6)	(19,192)	(135,148)	(78,055)	51,177	180,260	450,356	559,552	467,028	507,005	308,839	(33,039)	2,600	2,261,383
8 Interest Provision This Period	10,452	9,378	8,178	7,419	7,358	8,309	10,013	11,731	13,389	14,629	14,601	13,545	129,002
9 True-up & Interest Provision Beginning of Period	2,306,169	2,105,248	1,787,297	1,525,239	1,391,654	1,387,091	1,653,575	2,030,959	2,317,537	2,645,750	2,777,037	2,566,418	2,306,169
10 Prior Period True-up Collected (Refunded)	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,178)</u>	<u>(2,306,169)</u>
11 End of Period Total Net True-up	<u>2,105,248</u>	<u>1,787,287</u>	<u>1,525,239</u>	<u>1,391,654</u>	<u>1,387,091</u>	<u>1,853,575</u>	<u>2,030,959</u>	<u>2,317,537</u>	<u>2,845,750</u>	<u>2,777,037</u>	<u>2,566,418</u>	<u>2,390,385</u>	<u>2,390,385</u>

*Net of Revenue Taxes

(A) Included in Line 6