



ORIGINAL Public Service Commission

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DATE: June 28, 2006
TO: Lee R. Colson, Utilities System/Engineering Specialist, Division of Economic Regulation
FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance
RE: Docket No: 060002-EG; Company Name: Tampa Electric Company
Audit Purpose: Energy Conservation Cost Recovery Clause
Audit Control No: 06-040-2-2

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.

DNV:bj
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of Commission Clerk & Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

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SEC
OTH

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
BUREAU OF AUDITING*

TAMPA DISTRICT OFFICE

TAMPA ELECTRIC COMPANY

ENERGY CONSERVATION COST RECOVERY AUDIT

HISTORICAL YEAR ENDED DECEMBER 31, 2005

**DOCKET NO. 060002-EG
AUDIT CONTROL NO. 06-040-2-2**

Report Issued June 14, 2006


Jocelyn Stephens, Audit Staff

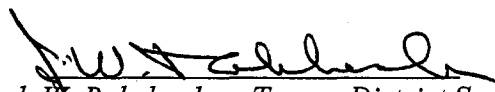

Joseph W. Rohrbacher, Tampa District Supervisor

TABLE OF CONTENTS

I.	AUDITOR'S REPORT	PAGE
	PURPOSE	1
II.	OBJECTIVES AND PROCEDURES.....	2
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 COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

June 14, 2006

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules prepared by Tampa Electric Company (TECO) in support of its filing for Energy Conservation Cost Recovery (ECCR) in Docket No. 060002-EG.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards of Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES:

REVENUES

Objective: - To verify that TECO has applied the approved ECCR adjustment factors to energy (kwh) sales during the period January 1, 2005 through December 31, 2005.

Procedures: - We recalculated revenues, by month and rate class, using approved FPSC rate factors and company provided KWH sales. We reconciled the filing to the General Ledger. We recalculated the energy charge for customer bills selected from various rate classes and determined that the company used the correct rates as approved by the Commission.

EXPENSES

Objective: - To verify the accuracy of information filed by TECO regarding actual energy sales and conservation costs and revenues for the period per Commission Rule 25-17.015, F.A.C.

Procedures: - We reconciled the ECCR filing to the general ledger and to supporting documentation provided by the company. We performed specific testing as described in other paragraphs.

Objective: - Determine whether expenditures for which recovery is claimed through the ECCR are allowable expenses.

Procedures: - We compiled ECCR expenses and agreed same to the filing. We scheduled expenses by program and by categories of expense. We verified the calculation of Depreciation and Return on Investment for the Prime Time and Commercial Load Management programs. We prepared a schedule of salaries and benefits for supervisory, operational, and office personnel by program. We also tested judgmentally selected items in Materials and Supplies, Outside Services and Incentives.

Objective: - To verify that advertising costs charged to ECCR are consistent with Rule 25-17.015 (5).

Procedures: - We tested advertising charges to verify that they were properly recoverable through the ECCR and did not compare electric vs. gas technologies.

Objective: - For all conservation programs that exceed the budgeted amount, identify the program and total dollar difference between budgeted and actual expenses.

Procedures: - We identified those programs that exceeded the budgeted amount by 5% or more. We determined which expenses were over budget in the selected programs and requested additional documentation from the company. The information is documented in the work paper number 45 series.

OTHER

Objective: - To determine if the True-up calculation and interest provision as filed was properly calculated using the FPSC approved interest rates.

Procedures: - We recomputed the 2005 ECCR true-up and interest using the FPSC approved recoverable true-up amount and interest rates.

Objective: - Verify that the information provided pursuant to Rule 25-17.0021 (5), h, l, and m is accurate for the following programs:

- Residential Heating and Cooling
- Residential Duct Repair
- Residential Load Management (Prime Time)
- Commercial/Industrial Indoor Lighting

Procedures: - We verified that the KWH and KW savings reported in TECO's 2005 Demand Side Management Annual Report were calculated according to Commission Order, the actual number of program participants, the per installation and total program cost, and that each conservation program complies with the Commission's cost effective test.

TAMPA ELECTRIC COMPANY
Actual Conservation Program Costs per Program
Actuals for Months January 2005 through December 2005

Program Name	Capital Investment	Payroll & Benefits	Materials & Supplies	Outside Services	Advertising	Incentives	Vehicles	Other	Program Revenues	Total
1 Heating and Cooling	0	72,620	0	31,636	27,353	473,700	344	3,098	0	608,751
2 Prime Time	1,676,901	420,237	7,134	116,105	0	7,944,559	31,979	32,215	0	10,229,130
3 Energy Audits	0	850,257	1,774	64,354	448,973	0	57,480	35,518	(3,793)	1,454,564
4 Cogeneration	0	61,089	0	0	0	0	1,739	659	0	63,487
5 Ceiling Insulation	0	121,726	81	5,508	9,585	171,800	5,782	1,464	0	315,946
6 Commercial Load Management	2,495	3,312	0	0	0	6,908	424	0	0	13,139
7 Commercial Indoor Lighting	0	6,076	0	0	9,088	74,991	334	0	0	90,489
8 Standby Generator	0	11,368	77	0	0	541,416	1,086	0	0	553,947
9 Conservation Value	0	2,597	0	0	0	59,823	12	0	0	62,432
10 Duct Repair	0	156,626	1,075	10,658	144,438	532,740	11,231	10,019	0	866,787
11 Renewable Energy Initiative	0	25,671	53	25,895	1,445	0	238	10,560	(91,811)	(27,949)
12 Industrial Load Management	0	0	0	0	0	0	0	0	0	0
13 DSM R&D	0	0	0	2,224	0	0	7	0	0	2,231
14 Common Expenses	0	180,594	0	0	0	0	57	0	0	180,651
15 Commercial Cooling	0	3,211	0	0	4,224	18,966	42	0	0	26,443
16 Energy Plus Homes	0	1,573	0	0	0	2,200	46	0	0	3,819
17 Price Responsive Load Management	0	331,837	210,435	566,983	0	0	3,967	26,638	0	1,139,860
18 Total All Programs	1,679,396	2,248,794	220,629	823,363	645,106	9,827,103	114,768	120,171	(95,604)	15,583,727

-4-

TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2005 through December 2005

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 *	1,205,510	1,098,159	1,054,098	1,116,100	1,147,994	1,509,067	1,567,779	1,624,317	1,632,446	1,406,267	1,180,490	1,176,092	15,718,319
3 Total Revenues	1,205,510	1,098,159	1,054,098	1,116,100	1,147,994	1,509,067	1,567,779	1,624,317	1,632,446	1,406,267	1,180,490	1,176,092	15,718,319
4 Prior Period True-up	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,417</u>	<u>200,413</u>	<u>2,405,000</u>
5 Conservation Revenue Applicable to Period	1,405,927	1,298,576	1,254,515	1,316,517	1,348,411	1,709,484	1,768,196	1,824,734	1,832,863	1,606,684	1,380,907	1,376,505	18,123,319
6 Conservation Expenses	<u>1,262,071</u>	<u>1,405,280</u>	<u>1,441,106</u>	<u>1,268,517</u>	<u>1,366,757</u>	<u>1,195,611</u>	<u>1,361,449</u>	<u>1,243,041</u>	<u>1,223,171</u>	<u>1,106,425</u>	<u>1,258,464</u>	<u>1,451,835</u>	15,583,727
7 True-up This Period (Line 5 - Line 6)	143,856	(106,704)	(186,591)	48,000	(18,346)	513,873	406,747	581,693	609,692	500,259	122,443	(75,330)	2,539,592
8 Interest Provision This Period	4,801	4,729	4,198	3,820	3,553	5,487	4,816	7,261	7,525	9,094	9,980	9,737	75,001
9 True-up & Interest Provision Beginning of Period	2,405,000	2,353,240	2,050,848	1,668,038	1,519,441	1,304,231	1,623,174	1,834,320	2,222,857	2,639,657	2,948,593	2,880,599	2,405,000
10 Prior Period True-up Collected (Refunded)	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,417)</u>	<u>(200,413)</u>	<u>(2,405,000)</u>
11 End of Period Total Net True-up	<u>2,353,240</u>	<u>2,050,848</u>	<u>1,668,038</u>	<u>1,519,441</u>	<u>1,304,231</u>	<u>1,623,174</u>	<u>1,834,320</u>	<u>2,222,857</u>	<u>2,639,657</u>	<u>2,948,593</u>	<u>2,880,599</u>	<u>2,614,593</u>	<u>2,614,593</u>

* Net of Revenue Taxes

(A) Included in Line 6