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DATE: June 11, 2008
TO: Daniel Q. Lee, Engineering Specialist IV, Division of Economic Regulation
FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance
RE: Docket No: 080002-EG; Company Name: TECO;
Audit Purpose: Energy Conservation Cost Recovery Audit;
Audit Control No: 08-037-2-2:

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. 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 (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

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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, 2007

**DOCKET NO. 080002-EG
AUDIT CONTROL NO. 08-037-2-2**


Daniel Acheampong, Audit Manager

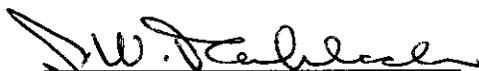

Joseph W. Rohrbacher, Tampa District Supervisor

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

June 9, 2008

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. 080002-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, 2007 through December 31, 2007.

Procedures: - We recalculated revenues, by month and rate class, using approved FPSC rate factors and company provided kwh Recoverable 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 conservation costs 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 procedures.

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 expense categories. 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, Vehicles, Program Revenues, Prime Time Incentives and Other Expenses.

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

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 differed from the budgeted amount, identify the program and total dollar difference between budgeted and actual expenses.

Procedures: - We identified those programs that exceeded or were under the budgeted amount by 10% or more. We determined which expenses were over budget and under budget in the selected programs and reviewed an explanation from the company.

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 2007 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
- Commercial/Industrial Indoor Lighting

Procedures: - We verified that the kwh and kw savings reported in TECO's 2007 Demand Side Management Annual Report were calculated according to Commission Order and that each conservation program complies with the Commission's cost effective test. We traced the number of program participants to company records and recalculated per installation cost and total program cost.

TAMPA ELECTRIC COMPANY
Actual Conservation Program Costs per Program
Actuals for Months January 2007 through December 2007

Program Name	Capital Investment	Payroll & Benefits	Materials & Supplies	Outside Services	Advertising	Incentives	Vehicles	Other	Program Revenues	Total
1 Heating and Cooling	\$0	\$51,960	\$1,105	\$4,309	\$0	\$154,250	\$155	\$2,925	\$0	\$214,704
2 Prime Time	807,803	293,722	26,091	51,890	0	6,522,461	20,280	33,573	0	7,755,820
3 Energy Audits	0	1,003,716	65,904	31,211	296,498	0	77,672	40,694	(285)	1,515,410
4 Cogeneration	0	104,432	1,355	0	0	0	2,274	918	0	108,979
5 Commercial Load Management	2,132	1,232	0	88	0	1,717	4	0	0	5,173
6 Commercial Lighting	0	4,197	0	0	0	128,119	40	0	0	132,356
7 Standby Generator	0	17,898	12,939	403	0	630,308	545	0	0	662,089
8 Conservation Value	0	4,675	0	0	0	126,569	87	0	0	131,331
9 Residential Duct Repair	0	138,781	950	1,561	125,262	1,016,950	5,441	12,478	0	1,301,423
10 Renewable Energy Initiative	0	53,244	(24,815)	44,544	0	0	960	8,323	(147,240)	(64,984)
11 Industrial Load Management	0	0	0	0	0	79,952	0	0	0	79,952
12 DSM R&D	0	0	0	60,000	0	0	0	0	0	60,000
13 Common Expenses	0	230,153	1,181	0	0	0	591	3,491	0	235,416
14 Commercial Cooling	0	2,249	0	0	0	46,308	0	0	0	48,557
15 Energy Plus Homes	0	3,548	0	0	0	700	95	580	0	4,923
16 Commercial Demand Response	0	14,224	0	0	0	0	147	1,195	0	15,566
17 Residential Building Improvement	0	127,509	0	0	0	122,150	6,849	1,626	0	258,134
18 Commercial Building Improvement	0	714	0	0	0	0	0	0	0	714
19 Educational Energy Awareness (Pilot)	0	2,011	0	0	0	0	0	0	0	2,011
20 Commercial Duct Repair	0	308	0	0	0	0	0	0	0	308
21 Commercial Energy Efficiency Motors	0	376	0	0	0	0	0	0	0	376
22 Commercial Chiller Replacement	0	489	0	0	0	0	0	0	0	489
23 Commercial Occupancy Sensors	0	387	0	0	0	0	0	0	0	387
24 Commercial Refrigeration	0	376	0	0	0	0	0	0	0	376
25 Commercial Water Heating	0	237	0	0	0	0	0	0	0	237
26 Residential Low-Income Weatherization	0	2,720	0	2,072	0	0	0	21	0	4,813
27 Price Responsive Load Management	0	354,381	122,238	684,205	0	0	11,346	5,855	0	1,178,025
28 Total All Programs	\$909,935	\$2,413,537	\$208,948	\$880,293	\$421,760	\$8,829,482	\$126,486	\$111,679	(\$147,525)	\$13,652,585

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TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2007 through December 2007

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 *	1,009,534	821,125	915,982	943,308	1,026,504	1,131,172	1,284,209	1,277,717	1,377,336	1,177,485	895,872	943,523	12,983,787
3 Total Revenues	1,009,534	821,125	915,982	943,308	1,026,504	1,131,172	1,284,209	1,277,717	1,377,336	1,177,485	895,872	943,523	12,983,787
4 Prior Period True-up	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,372</u>	<u>99,375</u>	<u>1,192,467</u>
5 Conservation Revenue Applicable to Period	1,108,906	1,020,497	1,015,354	1,042,680	1,125,876	1,230,544	1,363,581	1,377,089	1,476,708	1,276,857	1,095,244	1,042,898	14,176,234
6 Conservation Expenses	<u>1,078,801</u>	<u>1,196,659</u>	<u>1,188,624</u>	<u>983,122</u>	<u>1,041,841</u>	<u>1,116,835</u>	<u>1,051,229</u>	<u>1,336,389</u>	<u>1,116,546</u>	<u>1,112,170</u>	<u>1,163,303</u>	<u>1,288,965</u>	<u>13,652,585</u>
7 True-up This Period (Line 5 - Line 6)	30,105	(176,162)	(173,270)	79,558	84,035	113,609	312,352	40,700	360,162	164,687	(68,059)	(244,068)	523,649
8 Interest Provision This Period	5,083	4,338	3,157	2,530	2,464	2,478	2,981	3,448	3,851	4,201	3,892	4,878	43,299
9 True-up & Interest Provision Beginning of Period	1,192,467	1,128,283	857,087	587,502	570,318	557,445	574,160	790,121	734,895	989,536	1,069,052	905,513	1,192,467
10 Prior Period True-up Collected (Refunded)	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,372)</u>	<u>(99,375)</u>	<u>(1,192,467)</u>
11 End of Period Total Net True-up	<u>\$1,128,283</u>	<u>\$857,087</u>	<u>\$587,602</u>	<u>\$570,318</u>	<u>\$557,445</u>	<u>\$574,160</u>	<u>\$790,121</u>	<u>\$734,895</u>	<u>\$989,536</u>	<u>\$1,069,052</u>	<u>\$905,513</u>	<u>\$568,948</u>	<u>\$568,948</u>

* Net of Revenue Taxes

(A) Included in Line 6

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