

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-**

---

**DATE:** June 21, 2010  
**TO:** Devlin Higgins, Regulatory Analyst III, Division of Economic Regulation  
**FROM:** Clarence Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CP*  
**RE:** Docket No.: 100002-EG  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: Energy Conservation Cost Recovery  
Audit Control No: 09-350-2-2

---

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 a response to the Office of Commission Clerk. There were no confidential work papers associated with this audit.

CP/ip

Attachment: Audit Report

cc: (With Attachment)  
Office of Auditing and Performance Analysis (Mailhot, File Folder)  
Office of Commission Clerk  
Office of the General Counsel

(Without Attachment)  
Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

DOCUMENT NUMBER-DATE

05138 JUN 21 e

FPSC-COMMISSION CLERK

STATE OF FLORIDA



**FLORIDA PUBLIC SERVICE COMMISSION**  
**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS**  
**BUREAU OF AUDITING**  
**TAMPA DISTRICT OFFICE**  
**TAMPA ELECTRIC COMPANY**  
**ENERGY CONSERVATION COST RECOVERY AUDIT**  
**HISTORICAL YEAR ENDED DECEMBER 31, 2009**

**DOCKET NO. 10002-EG**  
**AUDIT CONTROL NO. 09-350-2-2**

A handwritten signature in black ink, appearing to read "Tomer".

Tomer Kopelovich, Audit Manager

A handwritten signature in black ink, appearing to read "Linda Hill-Slaughter".

Linda Hill-Slaughter, Tampa District Supervisor

DOCUMENT NUMBER-DATE

05138 JUN 21 2010

FPSC-COMMISSION OFFICE

**TABLE OF CONTENTS**

<b>I.</b>	<b>AUDITOR'S REPORT</b>	<b>PAGE</b>
	PURPOSE .....	1
<b>II.</b>	<b>OBJECTIVES AND PROCEDURES.....</b>	<b>2</b>
<b>III.</b>	<b>EXHIBITS</b>	
	ACTUAL CONSERVATION COSTS PER PROGRAM (SCH CT-2, P2).....	4
	CALCULATION OF TRUE-UP AND INTEREST (SCH CT-3, P2).....	5

**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS  
AUDITOR'S REPORT**

**June 14, 2010**

**TO: FLORIDA PUBLIC SERVICE COMMISSION**

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 (TEC) in support of its filing for Energy Conservation Cost Recovery (ECCR) in Docket No. 100002-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 and the report is intended only for internal Commission use.

## **OBJECTIVES AND PROCEDURES:**

### **REVENUES**

**Objective:** - To verify that TEC has applied the approved ECCR adjustment factors to energy (kwh) sales during the period January 1, 2009 through December 31, 2009.

**Procedures:** - We recalculated revenues, by month and rate class, using approved Florida Public Service Commission 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 TEC regarding conservation costs for the period per Rule 25-17.015, Florida Administrative Code (F.A.C.)

**Procedure:** - We reconciled the ECCR filing to the general ledger and to supporting documentation provided by the company.

**Objective:** - To determine whether expenditures for which recovery is claimed through the ECCR clause are allowable expenses.

**Procedures:** - We compiled ECCR expenses and verified it 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, Commercial Load Management programs and Price Responsive Load Management. We prepared a schedule of salaries and benefits . We judgmentally selected items in Materials and Supplies, Outside Services, Vehicles, Program Revenues, Incentives and Other Expenses. We also tested for proper period, proper program and proper approval. No exceptions were found.

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

**Procedure:** - We tested advertising charges to verify that they were properly recoverable through the ECCR clause and comply with Rule 25-17.015 (5) F.A.C .

**Objective:** - To identify those conservation programs with variances between budget and actual expenses.

**Procedures:** - We identified those programs that in our judgment materially exceeded the budgeted amount. We determined which expenses were over the budget in the selected programs and reviewed an explanation from the company. We were satisfied with all explanations provided.

## **OTHER**

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

**Procedures:** We recomputed the 2009 ECCR true-up and interest using the FPSC approved recoverable true-up amount and interest rates.

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

- Residential Alternate Audit
- Residential Customer Assisted Audits
- Residential New Construction
- Residential Duct Repair
- Residential Window Film
- Free Commercial/Industrial Audit
- Commercial Duct Repair
- Commercial Cooling - Dx
- Commercial Lighting - Conditioned Space
- Commercial Occupancy Sensors

**Procedures:** - We verified that the KWH savings reported in TEC's 2009 Demand Side Management Annual Report were calculated according to Rule 25-17.0021 (5), h, l, and m and that each conservation program complies with the Commission's cost effectiveness test. We traced the number of program participants to company records and recalculated per installation cost and total program cost.

## EXHIBIT 1

TAMPA ELECTRIC COMPANY  
Actual Conservation Programs Costs per Program  
Actuals for Months January 2009 through December 2009

No.	Program Name	Capital	Payroll &	Materials	Outside					Program	
		Investment	Benefits	& Supplies	Services	Advertising	Incentives	Vehicles	Other	Revenues	Total
1	Heating and Cooling	\$0	\$28,703	\$565	\$37,698	\$0	\$539,050	\$31	\$3,818	\$0	\$609,865
2	Prime Time	125,687	254,730	6,558	44,269	0	5,832,245	24,813	36,390	0	6,324,692
3	Energy Audits	0	1,220,532	159,499	130,645	384,204	0	108,170	64,655	(665)	2,067,040
4	Cogeneration	0	108,228	0	0	0	0	2,047	1,751	0	112,026
5	Commercial Load Management	1,268	2,328	23	7,272	0	3,860	65	0	0	14,816
6	Commercial Lighting	0	26,038	0	0	0	429,672	749	0	0	456,459
7	Standby Generator	0	16,785	595	643	0	1,581,597	1,929	0	0	1,601,549
8	Conservation Value	0	8,906	100	0	0	0	2	21	0	9,029
9	Duct Repair	0	84,704	5,632	2,731	138,879	1,530,701	4,383	16,859	0	1,783,889
10	Renewable Energy Initiative	0	29,265	141,605	83	0	0	53	5,831	(176,837)	0
11	Industrial Load Management	0	15,328	0	0	0	13,129,183	575	0	0	13,145,086
12	DSM R&D	0	27,018	3,685	151,620	0	0	220	851	0	183,394
13	Common Expenses	0	344,660	1,245	95,803	0	0	275	6,353	0	448,336
14	Commercial Cooling	0	7,953	565	2,621	0	61,003	17	0	0	72,159
15	Residential New Construction	0	6,297	565	1,925	0	134,575	240	480	0	144,082
16	Price Responsive Load Management	146,250	602,096	14,757	464,943	116,878	0	55,981	94,673	0	1,495,578
17	Residential Building Improvement	0	86,505	565	3,977	0	521,361	3,398	455	0	616,261
18	Educational Energy Awareness (Pilot)	0	4,864	42,288	16,341	0	0	180	9,154	0	72,827
19	Residential Low-income Weatherization	0	6,127	0	2,090	0	15,385	173	1,091	0	24,866
20	Commercial Duct Repair	0	7,440	0	1,782	0	237,000	82	10	0	246,314
21	Commercial Building Improvement	0	2,232	0	0	0	18,799	36	0	0	21,067
22	Commercial Energy Efficiency Motors	0	0	0	0	0	413	0	0	0	413
23	Commercial Demand Response	0	15,277	(10,000)	2,662,776	0	0	969	0	0	2,669,022
24	Commercial Chiller Replacement	0	8,579	0	0	0	58,495	32	0	0	67,106
25	Commercial Occupancy Sensors (Lighting)	0	5,182	0	0	0	52,357	0	0	0	57,539
26	Commercial Refrigeration (Anti-Condensate)	0	0	0	0	0	0	0	0	0	0
27	Commercial Water Heating	0	0	0	0	0	0	0	0	0	0
28	<b>Total All Programs</b>	<b>\$273,205</b>	<b>\$2,919,777</b>	<b>\$368,247</b>	<b>\$3,627,219</b>	<b>\$639,961</b>	<b>\$24,145,696</b>	<b>\$204,420</b>	<b>\$242,392</b>	<b>(\$177,502)</b>	<b>\$32,243,415</b>

## EXHIBIT 2

TAMPA ELECTRIC COMPANY  
*Energy Conservation Adjustment*  
 Calculation of True-up and Interest Provision  
 For Months January 2009 through December 2009

No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
	Residential Conservation Audit													
1	Fees (A)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Adjustment Revenues	1,329,519	1,324,533	1,198,587	1,217,259	2,623,884	3,308,406	3,553,978	3,498,944	3,472,104	3,342,667	2,921,309	2,629,743	30,420,933
3	Total Revenues	1,329,519	1,324,533	1,198,587	1,217,259	2,623,884	3,308,406	3,553,978	3,498,944	3,472,104	3,342,667	2,921,309	2,629,743	30,420,933
4	Prior Period True-up	32,469	32,469	32,469	32,469	32,469	32,469	32,469	32,469	32,469	32,469	32,469	32,468	389,627
5	Conservation Revenue Applicable to Period	1,361,988	1,357,002	1,231,056	1,249,728	2,656,353	3,340,875	3,586,447	3,531,413	3,504,573	3,375,136	2,953,778	2,662,211	30,810,560
6	Conservation Expenses	1,380,687	1,390,051	2,019,701	1,256,025	2,921,708	2,923,224	4,109,945	3,266,048	3,007,924	3,365,825	3,090,784	3,511,493	32,243,415
7	True-up This Period (Line 5 - Line 6)	(18,699)	(33,049)	(788,645)	(6,297)	(265,355)	417,651	(523,498)	265,365	496,649	9,311	(137,006)	(849,282)	(1,432,855)
8	Interest Provision This Period	200	196	(74)	(227)	(213)	(187)	(210)	(216)	(118)	(67)	(84)	(169)	(1,169)
9	True-up & Interest Provision Beginning of Period	389,627	338,659	273,337	(547,851)	(586,844)	(884,881)	(499,886)	(1,056,063)	(823,383)	(359,321)	(382,546)	(552,105)	389,627
10	Prior Period True-up Collected End of Period Total	(32,469)	(32,469)	(32,469)	(32,469)	(32,469)	(32,469)	(32,469)	(32,469)	(32,469)	(32,469)	(32,469)	(32,468)	(389,627)
11	Net True-up	\$338,659	\$273,337	(\$547,851)	(\$586,844)	(\$884,881)	(\$499,886)	(\$1,056,063)	(\$823,383)	(\$359,321)	(\$382,546)	(\$552,105)	(\$1,434,024)	(\$1,434,024)