

State of Florida



# Public Service Commission

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COMMISSION  
CLERK

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**DATE:** June 20, 2011  
**TO:** Office of Commission Clerk  
**FROM:** Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CJP*  
**RE:** Docket No.: 110002-EG  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: Energy Conservation Cost Recovery Clause  
Audit Control No: 11-005-2-4

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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.

CJP/ir

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE  
04208 JUN 20 =  
FPSC-COMMISSION CLERK

State of Florida



**Public Service Commission**

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Tampa District Office

**Auditor's Report**

Tampa Electric Company  
Energy Conservation Cost Recovery

**Twelve Months Ended December 31, 2010**

Docket No. 110002-EG  
Audit Control No. 11-005-2-4  
**June 13, 2011**

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Tomer Kopelovich  
Audit Manager

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Linda Hill-Slaughter  
Reviewer

DOCUMENT NUMBER-DATE

04208 JUN 20 =

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## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economic Regulation in its audit service request dated January 6, 2011. We have applied these procedures to the attached summary exhibit prepared by Tampa Electric Company (TEC) and to several of its related schedules in support of its filing for the Energy Conservation Cost Recovery Clause (ECCR) in Docket No. 110002-EG.

This audit was performed following general standards and fieldwork standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

## Objectives and Procedures

### **Revenues**

**Objective:** Our objective was to verify that the ECCR revenues and kilowatt hours sold, as filed, agreed with the amounts that were recorded on the books of the Company and that these amounts were completely and properly recorded.

**Procedures:** Using Kilowatt Hours (KWH)s for recoverable sales and Commission approved ECCR rates, we recalculated 2010 ECCR revenues billed. We compared this balance to the ECCR filing. We reconciled the ECCR filing to the general ledger and to supporting documentation provided by the Company. We reconciled the monthly revenue summary report to total monthly KWH sales. Staff's calculation agrees with the Company's calculation.

### **Expenses**

**Objective:** Our objective was to verify the accuracy of information filed by TEC regarding conservation costs for the period January 1, 2010, through December 31, 2010, per Rule 25-17.015, Florida Administrative Code (F.A.C.).

**Procedures:** We reconciled the ECCR filing to the general ledger and to supporting documentation provided by the Company.

**Objective:** Our objective was 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 prepared a schedule of expenses by program and categories. We verified the calculation of depreciation and Return on Investment for the Prime Time, Commercial Load Management programs and Price Responsive Load Management programs. We prepared a schedule of salaries and benefits reconciling total labor reports to time sheet reports. We judgmentally selected items in Materials and Supplies, Outside Services, Vehicles, Program Revenues, Incentives and Other Expenses. We tested for proper period, program and approval. No exceptions were found.

**Objective:** Our objective was 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:** Our objective was to identify those conservation programs with variances between budget and actual expenses.

**Procedures:** We reviewed those programs that exceeded the budgeted amount. We determined that the variance between actual expense and budgeted expense is immaterial.

## **True-up**

**Objective:** Our objective was to verify that the True-Up and interest provision amount at December 31, 2010, was properly calculated.

**Procedures:** We recalculated the True-Up and interest provision amount as of December 31, 2010, using the Commission approved beginning balance as of December 31, 2009, the 2010 commercial paper rates, and the 2010 ECCF revenues and costs.

## **Analytical Procedures**

**Objectives:** Our objectives were to perform analytical review procedures by comparing 2009 and 2010 filings to determine if there were any material changes or inconsistencies from prior year filings.

**Procedures:** We compared prior years with current year for revenues and expenses. In addition, we compared last year program costs to current year program costs.

## **Other**

**Objective:** Our objective was to verify that the information provided pursuant to Rule 25-17.0021 (5), h, l, and m F.A.C is accurate for the following programs:

- Residential Alternate Audit
- Residential New Construction
- Residential Ceiling Insulation
- Residential Duct Repair
- Residential Heating And Cooling
- Residential Window Replacement
- Residential Low Income
- Free Commercial/Industrial Audit
- Commercial Cooling - DX
- Commercial Duct Repair
- Commercial Lighting - Conditioned Space
- Commercial Occupancy Sensors

**Procedures:** We verified that the KWH savings reported in TEC's 2010 Demand Side Management Annual Report were calculated according to Rule 25-17.0021 (5), h, l, and m F.A.C, 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.

Audit Findings

**None**

## Exhibit

### Exhibit 1: Calculation of the Final True-Up Amount

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Page 2 of 3

TAMPA ELECTRIC COMPANY  
Energy Conservation Adjustment  
Calculation of True-up and Interest Provision  
For Months: January 2010 through December 2010

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	3,822,263	3,451,171	3,325,129	2,976,932	3,409,618	4,113,384	4,154,979	4,316,725	4,122,169	3,623,939	3,149,277	3,290,551	43,755,867
3 Total Revenues	3,822,263	3,451,171	3,325,129	2,976,932	3,409,618	4,113,384	4,154,979	4,316,725	4,122,169	3,623,939	3,149,277	3,290,551	43,755,867
4 Prior Period True-up	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(119,502)	(1,434,024)
5 Conservation Revenue Applicable to Period	3,702,761	3,331,669	3,205,627	2,857,430	3,290,116	3,993,882	4,035,477	4,197,223	4,002,667	3,504,437	3,029,775	3,171,049	42,321,843
6 Conservation Expenses	3,548,466	3,547,762	3,850,130	3,897,331	3,475,477	3,877,808	3,834,006	3,336,950	3,368,664	3,724,126	3,223,839	3,686,885	43,371,414
7 True-up This Period (Line 5 - Line 6)	154,295	(216,093)	(644,503)	(1,040,141)	(185,361)	116,074	201,471	860,273	634,003	(219,689)	(194,064)	(515,836)	(1,049,571)
8 Interest Provision This Period	(221)	(205)	(274)	(404)	(657)	(769)	(617)	(397)	(189)	(112)	(130)	(180)	(4,155)
9 True-up & Interest Provision Beginning of Period	(1,434,024)	(1,160,448)	(1,257,244)	(1,782,119)	(2,703,562)	(2,770,078)	(2,535,271)	(2,214,915)	(1,235,537)	(482,221)	(582,520)	(657,212)	(1,434,024)
10 Prior Period True-up Collected (Refunded)	119,502	119,502	119,502	119,502	119,502	119,502	119,502	119,502	119,502	119,502	119,502	119,502	1,434,024
11 End of Period Total Net True-up	(\$1,160,448)	(\$1,257,244)	(\$1,782,519)	(\$2,703,162)	(\$2,770,078)	(\$2,535,271)	(\$2,214,915)	(\$1,235,537)	(\$482,221)	(\$582,520)	(\$657,212)	(\$1,053,726)	(\$1,053,726)