

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, 2013

Docket No. 140002-EG
Audit Control No. 14-017-2-2
May 24, 2013

Handwritten signature of Intesar Terkawi in blue ink.

Intesar Terkawi
Audit Manager

Handwritten signature of Linda Hill-Slaughter in blue ink.

Linda Hill-Slaughter
Reviewer

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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 14, 2014. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2013 filing for the Energy Conservation Cost Recovery Clause in Docket No. 140002-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

General

Definitions

Utility refers to the Tampa Electric Company.

ECCR refers to the Energy Conservation Cost Recovery.

Capital Investments

Utility Plant in Service

Objectives: The objectives were to verify the Utility's ECCR project related additions, retirements, and adjustments for the period January 1, 2013, through December 31, 2013.

Procedures: We obtained the Utility's subsidiary ledger of all ECCR plant balances as of December 31, 2013. We reconciled each to the ECCR 2013 filing. No exceptions were noted.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2013, through December 31, 2013, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the ECCR Clause.

Procedures: We reconciled the 2013 filing to the Utility's monthly ECCR Revenue Reports. We recomputed the net revenues for the period using Commission approved cost recovery factors. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expense listed on Schedule CT-3 of the filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECCR Clause.

Procedures: We traced expenses in the filing to the general ledger detail. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure that the expense was for the current period, was charged to the correct accounts, and was appropriately recoverable through the ECCR Clause Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exception was noted.

Depreciation Expense

Objective: The objective was to verify that the most recent Commission approved depreciation rates were used in calculating Depreciation Expense.

Procedures: We reconciled the Depreciation Expense to the general ledger. We recalculated Depreciation Expense for the program assets using the approved depreciation rates. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2012, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2013, using the Commission approved beginning balance as of December 31, 2012, the Financial Commercial Paper rates, and the 2013 ECCR revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's ECCR revenues and expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2013 to 2012 revenues and expenses. We requested explanations from the Utility for significant variances. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

CT-3
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TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2013 through December 2013

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 *	3,769,257	3,495,666	3,597,658	3,767,443	3,962,586	4,517,963	4,640,884	4,784,748	4,950,059	4,483,694	3,893,544	3,678,843	49,532,245
3 Total Revenues	3,769,257	3,495,666	3,597,658	3,767,443	3,962,586	4,517,963	4,640,884	4,784,748	4,950,059	4,483,694	3,893,544	3,678,843	49,532,245
4 Prior Period True-up	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,020</u>	<u>287,025</u>	<u>3,444,245</u>
5 Conservation Revenue Applicable to Period	4,056,277	3,782,686	3,874,678	4,054,463	4,249,606	4,804,983	4,927,904	5,071,768	5,237,079	4,770,614	4,180,564	3,965,868	52,976,490
6 Conservation Expenses	<u>3,954,335</u>	<u>3,472,178</u>	<u>3,653,665</u>	<u>3,750,625</u>	<u>4,400,837</u>	<u>4,122,996</u>	<u>3,837,223</u>	<u>3,836,733</u>	<u>3,762,420</u>	<u>4,173,321</u>	<u>4,030,490</u>	<u>4,507,820</u>	47,502,652
7 True-up This Period (Line 5 - Line 6)	101,942	310,508	221,013	303,834	(151,231)	681,987	1,090,676	1,235,035	1,474,659	597,293	150,074	(541,952)	5,473,838
8 Interest Provision This Period	201	262	260	226	181	150	180	223	277	251	319	353	2,983
9 True-up & Interest Provision Beginning of Period	\$3,444,245	3,259,368	3,293,118	3,217,371	3,234,411	2,796,341	3,191,458	3,995,294	4,943,532	6,131,448	6,441,972	6,305,345	3,444,245
10 Prior Period True-up Collected (Refunded)	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,020)</u>	<u>(287,025)</u>	<u>(3,444,245)</u>
11 End of Period Total Net True-up	<u>\$3,259,368</u>	<u>\$3,283,118</u>	<u>\$3,217,371</u>	<u>\$3,234,411</u>	<u>\$2,796,341</u>	<u>\$3,191,458</u>	<u>\$3,995,294</u>	<u>\$4,943,532</u>	<u>\$6,131,448</u>	<u>\$6,441,972</u>	<u>\$6,305,345</u>	<u>\$5,476,721</u>	<u>\$5,476,721</u>

* Net of Revenue Taxes

(A) Included in Line 6