

State of Florida



## Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** May 29, 2015  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 150002-EG  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: Energy Conservation Cost Recovery Clause  
Audit Control No: 15-013-2-2

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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 is no confidential work papers associated with this audit.

LMD/cp

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

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 Clause

**Twelve Months Ended December 31, 2014**

Docket No. 150002-EG  
Audit Control No. 15-013-2-2

**May 8, 2015**

A handwritten signature in blue ink that reads "Linda Hill".

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Linda Hill  
Audit Manager

A handwritten signature in blue ink that reads "Simon Ojada".

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Simon Ojada  
Reviewer

## 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 13, 2015. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2014 filing for the Energy Conservation Cost Recovery Clause in Docket No. 150002-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, 2014, through December 31, 2014.

**Procedures:** We obtained the Utility's subsidiary ledger of all ECCR plant balances as of December 31, 2014. We reconciled each to the ECCR 2014 filing. We randomly selected transactions from three programs: Price Responsive Load Management, Industrial Load Management and Residential Low Income Weatherization, and traced to the respective invoice and documentation. No exceptions were noted.

### **Revenue**

#### Operating Revenues

**Objectives:** The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2014, through December 31, 2014, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the ECCR Clause.

**Procedures:** We traced the 2014 filing to the Utility's monthly ECCR Revenue Reports. We recalculated revenues for the months of January through December by multiplying KWH sales by Commission approved ECCR factors. We multiplied ECCR Revenue, including tax, by the Revenue tax ECCR factor. We deducted that amount to arrive at net ECCR Revenues which we compared to the ECCR net Revenues reported by the Utility. A random sample of residential and commercial customers' bills test was performed by rate class in Docket No. 150007-EI for the month of April 2014 to verify that the correct tariff rate was used. 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. We reviewed all Advertising expenses for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were 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, 2013, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2014, using the Commission approved beginning balance as of December 31, 2013, the Financial Commercial Paper rates, and the 2014 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 2014 to 2013 and 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  
Page 2 of 3

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	3,455,666	3,587,656	3,767,443	3,582,596	4,517,963	4,640,884	4,784,746	4,950,059	4,483,594	3,863,544	3,678,543	49,522,245
3 Total Revenues	3,769,257	3,455,666	3,587,656	3,767,443	3,582,596	4,517,963	4,640,884	4,784,746	4,950,059	4,483,594	3,863,544	3,678,543	49,522,245
4 Prior Period True-up	<u>287,020</u>	<u>3,446,245</u>											
5 Conservation Revenue Applicable to Period	4,056,277	3,742,686	3,874,676	4,054,463	4,249,606	4,804,983	4,927,904	5,071,766	5,237,079	4,770,614	4,150,564	3,965,563	52,976,490
6 Conservation Expenses	<u>3,554,335</u>	<u>3,472,175</u>	<u>3,653,665</u>	<u>3,750,629</u>	<u>4,400,837</u>	<u>4,122,996</u>	<u>3,837,228</u>	<u>3,836,733</u>	<u>3,762,429</u>	<u>4,173,321</u>	<u>4,030,490</u>	<u>4,507,620</u>	<u>47,502,662</u>
7 True-up This Period (Line 5 - Line 6)	501,942	270,511	221,013	303,834	(151,231)	681,987	1,090,676	1,235,033	1,474,650	597,293	120,074	(541,057)	5,473,828
8 Interest Provision This Period	201	262	250	226	181	150	180	223	277	251	319	353	2,883
9 True-up & Interest Provision Beginning of Period	\$3,444,245	3,259,369	3,293,118	3,217,371	3,234,411	2,796,341	3,191,456	3,996,294	4,943,532	5,131,448	6,441,972	6,305,245	3,444,245
10 Prior Period True-up Collected (Refunded)	<u>(287,020)</u>	<u>(3,444,245)</u>											
11 End of Period Total Net True-up	<u>\$3,259,368</u>	<u>\$3,253,118</u>	<u>\$3,217,371</u>	<u>\$3,234,411</u>	<u>\$2,796,341</u>	<u>\$3,191,456</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>\$6,476,721</u>	<u>\$5,476,721</u>

\* Net of Revenue Taxes

(A) Included in Line 6