

State of Florida



Public Service Commission

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COMMISSION
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DATE: July 9, 2012
TO: Office of Commission Clerk
FROM: Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 120002-EG
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3b Energy Conservation Cost Recovery
Audit Control No: 12-010-2-3

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/lmd

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

04541 JUL -9

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 Clause

Twelve Months Ended December 31, 2011

Docket No. 120002-EG
Audit Control No. 12-010-2-3

June 26, 2012

A handwritten signature in cursive script, appearing to read "Linda Hill-Slaughter".

Linda Hill-Slaughter
Audit Manager

A handwritten signature in cursive script, appearing to read "Ron Mavrides".

Ron Mavrides
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 10, 2012. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by the Tampa Electric Company in support of its 2011 filing for the Energy Conservation Cost Recovery Clause in Docket No. 120002-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 Clause.

Capital Investments

Utility Plant in Service

Objective: The objective was to verify the Utility's ECCR project related additions, retirements and adjustments for the period January 1, 2011, through December 31, 2011.

Procedures: We obtained the Utility's subsidiary ledger of all ECCR plant balances as of December 31, 2011. We reconciled each to the ECCR 2011 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, 2011, through December 31, 2011, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the ECCR Clause.

Procedures: We reconciled the 2011 filing to the Utility's monthly ECCR revenue reports. We recomputed 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 the Utility's Form CT-3 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 expenses for testing. The source documentation for selected items was reviewed to ensure that the expense was charged to the correct accounts and was appropriately recoverable through the ECCR Clause. No exceptions were noted.

Depreciation Expense

Objective: The objective was to verify that the most recent depreciation rates approved by the Commission in Docket No. 090079 were used in calculating depreciation expense.

Procedures: We verified and 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 Form CT-3 was properly calculated.

Procedures: We traced the December 31, 2010, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2011, using the Commission approved beginning balance as of December 31, 2010, the Financial Commercial Paper rates, and the 2011 ECCR revenues and costs. No exceptions were noted.

Analytical Review

Objectives: 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 2011 to 2010 and 2009 revenues and expenses. Explanations of variances by the Utility were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up