

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: May 29, 2018
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 20180002-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2018-017-2-2

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 are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

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, 2017

Docket No. 20180002-EG
Audit Control No. 2018-017-2-2
May 14, 2018

Handwritten signature of Intesar Terkawi in cursive script.

Intesar Terkawi
Audit Manager

Handwritten signature of Linda Hill in cursive script.

Linda Hill
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Economics in its audit service request dated January 17, 2018. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2017 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20180002-EG.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. 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

Objectives: The objectives were to verify the Utility's ECCR project related additions, retirements, and adjustments for the period January 1, 2017, through December 31, 2017.

Procedures: We obtained the Utility's subsidiary ledger of all ECCR plant balances as of December 31, 2017. We reconciled each to the ECCR 2017 filing. We randomly selected transactions from Price Responsive Load Management program, and Energy Education Awareness program and traced the transactions 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, 2017, through December 31, 2017, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the ECCR.

Procedures: We traced the 2017 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. A random sample of residential and commercial customers' bills test was performed by rate class in Docket No. 20180007-EI, Audit Control Number 2018-036-2-2 to verify that the correct tariff rate was used. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether 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.

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. Advertising expenses were reviewed 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.

Other

Objective: The objective was to verify the number of program participants reported in the Utility's Florida Energy Efficiency and Conservation Act (FEECA) Filing.

Procedures: We requested and verified the number of program participants reported in the Utility's FEECA Filing for the following programs: Energy Audits, Energy Planner, Residential Heating and Cooling, Industrial Load Management, and Lighting Conditioned Space. 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, 2016, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2017, using the Commission approved beginning balance as of December 31, 2016, the Financial Commercial Paper rates, and the 2017 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 2017 to 2016 and 2015 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

TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2017 through December 2017

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 *	2,810,991	2,575,105	2,584,417	2,800,577	3,289,946	3,489,588	3,562,364	3,720,827	3,806,673	3,507,311	2,933,656	2,657,662	37,738,117
3 Total Revenues	2,810,991	2,575,105	2,584,417	2,800,577	3,289,946	3,489,588	3,562,364	3,720,827	3,806,673	3,507,311	2,933,656	2,657,662	37,738,117
4 Prior Period True-up	<u>(133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(5133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(133,245)</u>	<u>(1,598,945)</u>
5 Conservation Revenue Aplicable to Period	2,677,746	2,441,860	2,451,172	<u>2,287,332</u>	3,156,701	3,356,343	3,429,119	3,587,582	3,673,428	3,374,066	2,800,411	2,524,417	36,139,172
6 Conservation Expenses	<u>3,418,159</u>	<u>2,757,271</u>	<u>2,488,501</u>	<u>2,935,226</u>	<u>3,256,411</u>	<u>2,836,530</u>	<u>3,335,626</u>	<u>3,282,519</u>	<u>2,956,428</u>	<u>2,974,134</u>	<u>2,842,740</u>	<u>3,460,056</u>	37,585,905
7 True-up This Period (Line 5 - Line 6)	(740,413)	(315,411)	(1,037,329)	(267,896)	(104,710)	519,813	89,480	295,063	723,000	399,932	(42,329)	(935,645)	(1,446,433)
8 Interest Provision This Period	(667)	(664)	(1,343)	(1,916)	(1,957)	(1,931)	(1,687)	(1,373)	(651)	(136)	138	(275)	(12,582)
9 True-up & Interest Provision Beginning of Period	(789,258)	(1,367,093)	(1,590,123)	<u>(2,455,552)</u>	<u>(2,522,117)</u>	<u>(2,565,539)</u>	<u>(1,944,412)</u>	<u>(1,723,364)</u>	<u>(1,296,429)</u>	<u>(440,825)</u>	82,206	183,260	(16,599,254)
10 Prior Period True-up Collected (Refunded)	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>133,245</u>	<u>1,598,945</u>
1 End of Period Total Net True-up	<u>(1,387,053)</u>	<u>(1,560,123)</u>	<u>(2,485,550)</u>	<u>(2,622,117)</u>	<u>(2,595,539)</u>	<u>(1,544,412)</u>	<u>(1,723,364)</u>	<u>(1,295,429)</u>	<u>(440,635)</u>	82,206	183,260	(649,406)	<u>(18,459,404)</u>