

State of Florida



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DATE: July 30, 2009
TO: Devlin Higgins, Regulatory Analyst III, Division of Economic Regulation
FROM: Dale N. Mailhot, Assistant Director, Division of Regulatory Compliance *DM*
RE: Docket No.: 090002-EG
Company Name: Tampa Electric
Company Code: EI806
Audit Purpose: A1b; A3b: Energy Conservation Cost
Audit Control No: 09-028-2-2

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 the Commission Clerk. There no confidential work papers associated with this audit.

DNM/ch

Attachment: Audit Report

cc: (With Attachment)
Division of Regulatory Compliance (Salak, Mailhot, File Folder)
Office of Commission Clerk
Office of the General Counsel

Ms. Paula K. Brown
Regulatory Affairs
P.O. Box 111
Tampa, FL 33601-0111

(Without Attachment)
Division of Regulatory Compliance (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE
BUREAU OF AUDITING*

TAMPA DISTRICT OFFICE

TAMPA ELECTRIC COMPANY

ENERGY CONSERVATION COST RECOVERY AUDIT

HISTORICAL YEAR ENDED DECEMBER 31, 2008

**DOCKET NO. 090002-EG
AUDIT CONTROL NO. 09-028-2-2**

A handwritten signature in black ink, appearing to read "Tomer".

Tomer Kopelovich, Audit Manager

A handwritten signature in black ink, appearing to read "J.W. Rohrbacher".

Joseph W. Rohrbacher, Tampa District Supervisor

DOCUMENT NUMBER-DATE

07811 JUL 30 2

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TABLE OF CONTENTS

I.	AUDITOR'S REPORT	PAGE
	PURPOSE	1
II.	OBJECTIVES AND PROCEDURES.....	2
III.	EXHIBITS	
	ACTUAL CONSERVATION COSTS PER PROGRAM (SCH CT-2, P2).....	4
	CALCULATION OF TRUE-UP AND INTEREST (SCH CT-3, P2).....	5

**DIVISION OF REGULATORY COMPLIANCE
AUDITOR'S REPORT**

July 24, 2009

TO: FLORIDA PUBLIC SERVICE COMMISSION

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules prepared by Tampa Electric Company (TECO) in support of its filing for Energy Conservation Cost Recovery (ECCR) in Docket No. 090002-EG.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards of Attestation Engagements. This report is based on agreed upon procedures and the report is intended only for internal Commission use.

OBJECTIVES AND PROCEDURES:

REVENUES

Objective: - To verify that TECO has applied the approved ECCR adjustment factors to energy (kwh) sales during the period January 1, 2008 through December 31, 2008.

Procedures: - We recalculated revenues, by month and rate class, using approved Florida Public Service Commission rate factors and company provided kwh Recoverable sales. We reconciled the filing to the general ledger. We recalculated the energy charge for customer bills selected from various rate classes and determined that the company used the correct rates as approved by the Commission.

EXPENSES

Objective: - To verify the accuracy of information filed by TECO regarding conservation costs for the period 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. We performed specific testing as described in other procedures.

Objective: - Determine whether expenditures for which recovery is claimed through the ECCR clause are allowable expenses.

Procedures: - We compiled ECCR expenses and agreed it to the filing. We scheduled expenses by program and by expense categories. We verified the calculation of Depreciation and Return on Investment for the Prime Time and Commercial Load Management programs. We prepared a schedule of salaries and benefits for supervisory, operational, and office personnel by program. We also tested judgmentally selected items in Materials and Supplies, Outside Services, Vehicles, Program Revenues, Prime Time Incentives and Other Expenses.

Objective: - To verify that advertising costs charged to the ECCR clause are consistent with Rule 25-17.015 (5) F.A.C

Procedures: - 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: - For all conservation programs that differed from the budgeted amount, identify the program and total dollar difference between budgeted and actual expenses.

Procedures: - We identified those programs that exceeded the budgeted amount by more than 10% or were above \$10,000. We determined which expenses were over budget and under budget in the selected programs and reviewed an explanation from the company.

OTHER

Objective: - To determine if the True-up calculation and interest provision as filed was properly calculated using the FPSC approved interest rates.

Procedures: - We recomputed the 2008 ECCR true-up and interest using the FPSC approved recoverable true-up amount and interest rates.

Objective: - Verify that the information provided pursuant to Rule 25-17.0021 (5), h, l, and m is accurate for the following programs:

- Residential Ceiling Insulation
- Residential Duct Repair
- Residential Heating and Cooling
- Residential Window Replacement
- Residential Window Film
- Residential Low Income
- Free Commercial/Industrial Audit
- Commercial Duct Repair
- Commercial Cooling – PTAC
- Commercial Demand Response

Procedures: - We verified that the kwh and kw savings reported in TECO's 2008 Demand Side Management Annual Report were calculated according to Commission Order 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.

EXHIBIT 1

TAMPA ELECTRIC COMPANY
 Actual Conservation Program Costs per Program
 Actuals for Months January 2008 through December 2008

No.	Program Name									Program	
		Capital Investment	Payroll & Benefits	Materials & Supplies	Outside Services	Advertising	Incentives	Vehicles	Other	Revenues	Total
1	Heating and Cooling	\$0	\$44,265	\$1,228	\$18,924	\$0	\$283,475	\$0	\$3,937	\$0	\$351,829
2	Prime Time	429,204	266,030	29,744	57,898	0	6,105,025	21,556	34,436	0	6,943,893
3	Energy Audits	0	1,142,762	114,491	158,022	418,029	0	82,766	57,039	(1,826)	1,971,283
4	Cogeneration	0	110,830	0	0	0	0	1,735	1,570	0	114,135
5	Commercial Load Management	1,934	1,580	0	0	0	5,759	29	0	0	9,302
6	Commercial Lighting	0	15,862	0	0	0	269,987	47	0	0	285,896
7	Standby Generator	0	10,598	0	0	0	1,291,084	905	0	0	1,302,587
8	Conservation Value	0	6,256	0	0	0	88,763	0	0	0	95,019
9	Duct Repair	0	93,367	3,181	20,601	157,109	1,410,947	3,994	15,626	0	1,704,825
10	Renewable Energy Initiative	0	62,927	8,198	31,629	0	0	222	8,969	(129,790)	(17,845)
11	Industrial Load Management	0	0	0	0	0	0	0	0	0	0
12	DSM R&D	0	0	0	0	0	0	0	0	0	0
13	Common Expenses	0	255,053	100	258,490	0	0	881	12,008	0	526,532
14	Commercial Cooling	0	7,402	0	64	0	35,616	31	0	0	43,113
15	Residential New Construction	0	2,909	0	0	0	1,250	128	874	0	5,161
16	Price Responsive Load Management	19,731	569,016	128,867	635,854	167,098	0	50,630	18,235	0	1,589,431
17	Residential Building Improvement	0	86,290	594	7,705	0	285,812	3,931	1,971	0	386,303
18	Educational Energy Awareness (Pilot)	0	6,494	3,157	70,445	0	0	22	6,413	0	86,531
19	Residential Low-Income Weatherization	0	11,603	16,030	0	0	7,185	1,144	4,542	0	40,504
20	Commercial Duct Repair	0	1,519	0	0	0	10,400	32	291	0	12,242
21	Commercial Building Improvement	0	268	0	0	0	20,396	25	50	0	20,739
22	Commercial Energy Efficiency Motors	0	326	0	0	0	0	0	75	0	401
23	Commercial Demand Response	0	15,077	52,130	1,424,716	0	0	342	0	0	1,492,265
24	Commercial Chiller Replacement	0	1,212	0	0	0	18,956	0	0	0	20,168
25	Commercial Occupancy Sensors (Lighting)	0	737	0	0	0	4,035	0	0	0	4,772
26	Commercial Refrigeration (Anti-Condensate)	0	285	0	0	0	0	0	0	0	285
27	Commercial Water Heating	0	40	0	0	0	0	0	0	0	40
28	Total All Programs	450,869	2,712,708	357,720	2,684,348	742,236	9,838,690	168,420	166,036	(131,616)	16,989,411

EXHIBIT 2

TAMPA ELECTRIC COMPANY
 Energy Conservation Adjustment
 Calculation of True-up and Interest Provision
 For Months January 2008 through December 2008

Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Residential Conservation Audit Fees (A)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2 Conservation Adjustment Revenues *	1,366,476	1,151,578	1,178,946	1,263,073	1,359,566	1,621,207	1,573,651	1,590,351	1,694,630	1,492,488	1,232,738	1,254,173	16,778,877
3 Total Revenues	1,366,476	1,151,578	1,178,946	1,263,073	1,359,566	1,621,207	1,573,651	1,590,351	1,694,630	1,492,488	1,232,738	1,254,173	16,778,877
4 Prior Period True-up	47,246	47,246	47,246	47,246	47,246	47,246	47,246	47,246	47,246	47,246	47,246	47,246	566,948
5 Conservation Revenue Applicable to Period	1,413,722	1,198,824	1,226,192	1,310,319	1,406,812	1,668,453	1,620,897	1,637,597	1,741,876	1,539,734	1,279,984	1,301,415	17,345,825
6 Conservation Expenses	1,220,994	1,127,148	1,116,021	1,083,566	1,323,659	1,314,667	1,620,933	1,244,918	1,439,211	1,436,439	2,234,006	1,827,849	16,989,411
7 True-up This Period (Line 5 - Line 6)	192,728	71,676	110,171	226,753	83,153	353,786	(36)	392,679	302,665	103,295	(954,022)	(526,434)	356,414
8 Interest Provision This Period	2,149	1,868	1,838	2,041	2,211	2,393	2,674	2,983	5,439	6,340	2,702	575	33,213
9 True-up & Interest Provision													
Beginning of Period	566,948	714,579	740,877	805,640	987,188	1,025,306	1,334,239	1,289,631	1,638,047	1,898,905	1,961,294	962,728	566,948
10 Prior Period True-up Collected (Refunded)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(47,246)	(566,948)
11 End of Period Total Net True-up	714,579	740,877	805,640	987,188	1,025,306	1,334,239	1,289,631	1,638,047	1,898,905	1,961,294	962,728	389,627	389,627