

State of Florida



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Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: April 16, 2008

TO: Peter H. Lester, Economic Analyst, Division of Economic Regulation

FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance *W*

RE: Docket No: 080001-EI; Company Name: Tampa Electric Company;
 Audit Purpose: Fuel Cost Recovery Clause for 2007;
 Audit Control No: 08-003-2-2; Company Code: EI806:
TECO Revised Pages

Attached are revised audit report pages for the TECO fuel audit.

These pages should replace pages 8 and 9 in the report.

DNV:sj

Attachments:

Division of Regulatory Compliance & Consumer Assistance
 (All District Offices, File Folder)
 Division of the Commission Clerk
 Division of Competitive Markets and Enforcement (Harvey)
 General Counsel

CMP _____ Office of the Public Counsel

COM _____ Ms. Paula Brown

CTR _____ Tampa Electric Company

ECR _____ P.O. Box 111
Tampa, FL 33601-0111

GCL _____

OPC _____ Mr. Billy Stiles
Tampa Electric Company

RCA _____ 106 E. College Ave., Suite 630

SCR _____ Tallahassee, FL 32301-7721

SGA _____

SEC _____

OTH *Marquette*

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multiplied by the current tons to determine the recoverable transportation expense, per dock. This procedure follows the instructions included in FPSC Order PSC-04-0999.

The FPSC order states that TECO "... shall be permitted to recover only amounts reflecting the adjusted rates per ton...as calculated above and escalated subject to the escalation provisions in its current contract with TECO Transport. The annual impact of this adjustment is a cost recovery disallowance of approximately \$3,993,000. This amount was also reaffirmed in Order No. PSC-05-0312-FOF-EI, Docket 031033-EI.

Staff has prepared a summary schedule of additional transportation dollars to be disallowed if the disallowance amount, per ton, should be escalated as stated in the Commission Order PSC-04-0999-FOF-EI.

Annual Disallowance per Company Computations (Adjusted) - OCEAN

	<u>Ocean Coal</u>	<u>Ocean Pet Coke</u>	<u>Total</u>	<u>Disallowance Per FPSC Order PSC Order 04-0999(a)</u>
2004	10,609,575	239,525	10,849,100	11,322,000
2005	10,349,635	269,623	10,619,258	11,322,000
2006	11,176,676	-	11,176,676	11,322,000
2007	11,188,517	-	11,188,517	11,322,000
	<u>43,324,403</u>	<u>509,148</u>	<u>43,833,551</u>	<u>45,288,000</u>

Additional Disallowance per Staff (b)

	<u>Ocean Coal</u>	<u>Ocean Pet Coke</u>	<u>Total</u>
2004	236,766	11,334	248,099
2005	1,841,429	37,303	1,878,732
2006	2,472,605	-	2,472,605
2007	2,549,285	-	2,549,285
	<u>7,100,084</u>	<u>48,637</u>	<u>7,148,721</u>

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Total Disallowance per Staff - OCEAN				
	<u>Ocean Coal</u>	<u>Ocean Pet Coke</u>	<u>Total</u>	<u>Disallowance Per FPSC Order PSC Order 04-0999(a)</u>
2004	10,846,341	250,859	11,097,199	11,322,000
2005	12,191,064	306,926	12,497,990	11,322,000
2006	13,649,281	-	13,649,281	11,322,000
2007	13,737,802	-	13,737,802	11,322,000
	<u>50,424,487</u>	<u>557,785</u>	<u>50,982,272</u>	<u>45,288,000</u>

River Disallowance				
	<u>Balances Per FPSC Order 04-0999 (a)</u>	<u>Annual Balances Per Company Calculation</u>	<u>Additional Disallowance per Staff (b)</u>	<u>Total Disallowance per Staff-River*</u>
2004	3,993,000	2,629,339	527,417	3,156,756
2005	3,993,000	3,522,800	1,156,171	4,678,971
2006	3,993,000	4,138,126	2,675,517	6,813,643
2007	3,993,000	3,954,204	2,488,873	6,443,077
	<u>15,972,000</u>	<u>14,244,469</u>	<u>6,847,978</u>	<u>21,092,447</u>

(a) Without escalation

(b) Includes Escalation of Fuel

In the staff's calculations of transportation disallowance, all components of the transportation rate (fuel, variable and other) were included in the escalation when determining the recoverable portion of TECO Transport waterborne transportation expense.

AUDITOR OPINION:

TECO should be required to adjust its Fuel Adjustment Cost Recovery (FAC) filing, based upon an amount decided upon by the Commission, as that which best reflects the intent of FPSC Order PSC-04-0999-FOF-EI.

Impact upon General Ledger: None

Impact upon Fuel Filing: The Commission should consider the escalation language in FPSC Order No. 04-0999-FOF-EI and how it should be applied to the coal transportation

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