

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT
FOR THE TWELVE MONTHS ENDED MARCH 31, 1997

Field Work Completed

June 6, 1997

TAMPA ELECTRIC COMPANY

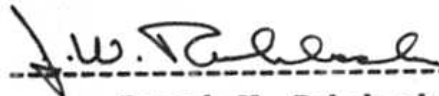
Tampa, Florida

Hillsborough County

Fuel Adjustment Clause Audit

Docket Number 970001-EI

Audit Control Number 97-055-2-2



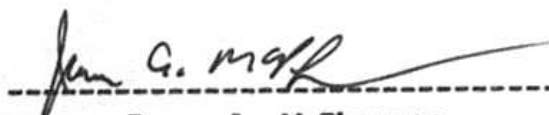
Joseph W. Rohrbacher
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Minority Opinion

Yes _____ No Feb



James A. McPherson
Regulatory Analyst Supervisor

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FPSC-REC'DS/REPORTING

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I Executive Summary

Audit Purpose: We have applied the procedures described in Section II of this report to audit the appended Fuel Cost Recovery Filings, Schedule A-1, filed by Tampa Electric Company in support of FPSC Docket Number 970001-EI for the six months periods ended September 30, 1996 and March 31, 1997. The audit exit conference was held on June 10, 1997. The report is based on confidential information which is separately filed with the Division of Records and Reporting.

Disclaim Public Use: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

Opinion: The appended exhibits A-1 of the Fuel Cost Recovery Filing for the six month periods ended September 30, 1996 and March 31, 1997 represent Tampa Electric Company books and records maintained in substantial compliance with Commission directives. The expressed opinions extend only to the scope of work described in section II of this report.

II Audit Scope

The opinions contained in this report are based on the audit work described below. When used in this report, **COMPILED** means that audit work includes:

COMPILED - Means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity or inconsistency; and except as otherwise noted performed no other audit work.

FUEL REVENUE: Compiled general ledger revenue accounts 440.04, 442.04, 442.14, 442.24, 442.34, 444.03 and 445.03 on a monthly basis for the twelve month period and agreed to the Fuel Adjustment Recovery Filing (FAC). Tested a judgemental sample of customer bills to ensure the proper billing factor was being charged. Recomputed fuel revenues using FPSC approved rate factors and company provided KWH sales.

FUEL COST OF SYSTEM NET GENERATION: Compiled accounts 501, 509, 547 and 552 for recoverable fuel expense on a monthly basis for the twelve month period and agreed to the FAC. Agreed judgementally selected purchases to invoices and agreed terms to supporting contracts.

TOTAL COST OF PURCHASED POWER: Tested the filing schedules A6, A7, A8 and A9 by tracing to a judgemental sample of original invoices. Verified that the Utility is recording sales of economy energy and inter-change power transactions in the proprt accounts.

GPIF AND TRUE-UP: Agreed amounts shown on the filings to the amounts authorized by the FPSC.

OTHER: Read the minutes of Tampa Electric Board of Directors meetings since the previous audit. Read the notes of the audit workpaper files on the outside audit of Tampa Electric Co. as of 12-31-95. Performed analytical review procedures on unit prices and costs of generation. Observed the taking of the physical inventory for coal at the Big Bend plant. Recalculated coal inventory adjustments. Traced inventory adjustments to the general ledger. Verified that the inventory adjustments were used in the determination of generating costs using coal.

COMPARISON OF ESTIMATED AND ACTUAL FUEL AND PURCHASED POWER COST RECOVERY FACTOR TAPPA ELECTRIC COMPANY PERIOD TO DATE THROUGH: SEPTEMBER, 1956

	ACTUAL	ESTIMATED	DIFFERENCE \$	DIFFERENCE %	ACTUAL	ESTIMATED	DIFFERENCE \$	DIFFERENCE %	ACTUAL	ESTIMATED	DIFFERENCE \$	DIFFERENCE %
1. Fuel Cost of System Net Generation (AS)	195,354,974	195,500,535	(145,561)	(0.1)	9,259,255	9,271,631	(12,376)	(0.1)	2,19983	2,19657	326	0.1
2. Spent Nuclear Fuel Disposal Cost	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
3. Coal Car Investment	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
4a. Adj. to Fuel Cost (Fl. Needs/Teach. Wheeling Losses)	(17,917)	(18,000)	83	(0.5)	9,259,255	9,271,631	(12,376)	(0.1)	(8,00019)	(8,00019)	0	0.0
4b. Adjustments to Fuel Cost (All. Inv.)	(12,409)	515,813	(106,223)	(20.5)	9,259,255	9,271,631	(12,376)	(0.1)	(8,00416)	9,00560	(8,00114)	(20.4)
4c. Adjustments to Fuel Cost (Poll. Proj. Reserve)	(1,638,154)	0	(1,638,154)	0.0	9,259,255	9,271,631	(12,376)	(0.1)	(8,01778)	9,00000	(8,01778)	0.0
4d. Adj. to Fuel Cost (Poll. U. Oil Refine Dischg. Value)	75,563	0	75,563	0.0	9,259,255	9,271,631	(12,376)	(0.1)	9,00078	9,00000	8,00078	0.0
5. TOTAL COST OF GENERATED POWER (LINES 1 THROUGH 4d)	194,163,566	196,001,548	(1,837,982)	(0.9)	9,259,255	9,271,631	(12,376)	(0.1)	2,09718	2,11296	(8,578)	(0.4)
6. Fuel Cost of Purchased Power - Firm (AS)	19,376,517	7,218,509	12,158,008	62.4	308,459	276,708	31,751	11.4	3,21170	2,89797	3,21373	111.8
7. Energy Cost of Sch. C, E Economy Purchases (Broker) (AS)	1,022,177	154,000	868,177	115.0	41,378	23,005	18,373	80.4	3,19763	3,19763	0	0.0
8. Energy Cost of Other Economy Purchases (Non-Broker) (AS)	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
9. Energy Cost of Sch. E Economy Purchases (AS)	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
10. Capacity Cost of Sch. E Economy Purchases	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
11. Payments to Qualifying Facilities (AS)	3,650,423	6,212,000	(2,561,577)	(15.2)	237,401	241,033	(3,632)	(1.5)	1,53976	1,18498	3,48278	(29.5)
12. TOTAL COST OF PURCHASED POWER (LINES 6 THROUGH 11)	15,557,977	12,385,309	3,172,668	25.6	589,829	542,004	46,825	8.5	2,64307	2,26531	3,37776	14.9
13. TOTAL AVAILABLE EIR (LINE 5 + LINE 12)	21,000,711	22,116,200	(807,583)	(3.7)	1,275,989	1,287,359	(11,369)	(0.9)	1,57008	1,71794	(8,4786)	(4.9)
14. Fuel Cost of Economy Sales (AS)	11,237,219	12,029,209	(791,990)	(6.6)	839,081	934,126	(95,045)	(10.2)	1,24084	1,49017	(2,4933)	(16.7)
15. Gain on Economy Sales - 80% (AS)	3,119,150	3,836,000	(716,850)	(18.4)	0	0	0	0.0	0	0	0	0.0
16. Fuel Cost of Sch. B Super. Sales (AS)	3,120,322	3,120,322	0	0.0	153,650	153,650	0	0.0	1,30658	1,30658	0	0.0
17. Fuel Cost of Sch. B Juried. Sales (AS)	653,082	653,082	0	0.0	51,081	41,101	9,980	24.2	1,30025	1,47822	(1,796)	(12.1)
18. Fuel Cost of Sch. C Juried. Sales (AS)	15,166	92,500	(77,334)	(79.2)	9,915	3,010	6,905	(22.3)	2,8149	4,68037	(1,86538)	(40.1)
19. Fuel Cost of Sch. D Juried. Sales (AS)	119,406	151,000	(31,594)	(20.9)	4,559	3,481	1,078	(30.7)	2,81232	1,59266	1,21966	(44.5)
20. Fuel Cost of EPP Sch. B Super. Sales (AS)	2,729,706	1,319,300	1,410,406	97.8	117,612	82,903	34,709	41.8	2,21191	2,19370	1,821	0.0
21. Fuel Cost of Other Power Sales (AS)	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
22. TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 14 + 15 + 16 + 17 + 18 + 19 + 20 + 21)	21,000,711	22,116,200	(807,583)	(3.7)	1,275,989	1,287,359	(11,369)	(0.9)	1,57008	1,71794	(8,4786)	(4.9)
23. Net Interim Interest	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
24. Wheeling Rec'd. from Wheeling Del'r's.	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
25. Interchange and Wheeling Losses	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
26. TOTAL FUEL AND NET POWER TRANSACTIONS (LINE 22 + 23 + 24 + 25)	21,000,711	22,116,200	(807,583)	(3.7)	1,275,989	1,287,359	(11,369)	(0.9)	1,57008	1,71794	(8,4786)	(4.9)
27. Net Taxable	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
28. Company Tax	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
29. T & B License	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
30. System EIR Sales	189,422,222	189,170,560	2,551,662	1.3	7,051,222	7,311,493	(260,271)	(3.6)	2,38006	2,35319	2,686	0.1
31. Wholesale EIR Sales	(1,791,015)	(1,850,324)	59,309	(3.3)	(10,048)	(10,546)	498	(4.7)	2,40096	2,36829	3,267	0.1
32. Jurisdictional EIR Sales	187,631,207	187,320,236	310,971	0.2	7,041,174	7,300,947	(259,773)	(3.6)	2,35910	2,34473	1,437	0.0
33. Jurisdictional Loss Multiplier - 1.0005	187,631,207	187,320,236	310,971	0.2	7,041,174	7,300,947	(259,773)	(3.6)	2,35910	2,34473	1,437	0.0
34. Jurisdictional EIR Sales Adjusted for Line Losses	186,825,639	186,469,100	356,539	0.2	7,009,384	7,232,857	(223,473)	(3.2)	2,31076	2,29524	1,552	0.0
35. Peabody Coal Contract Buy-Out Asset. Jurisdictionalized	2,875,281	2,875,257	24	0.0	7,009,384	7,009,384	0	0.0	2,31076	2,29524	1,552	0.0
35a. Oil Buckets True-Up (October - December 1955)	184,237	184,613	(376)	(0.2)	7,009,384	7,009,384	0	0.0	2,31076	2,29524	1,552	0.0
36. True-up *	(599,902)	(599,902)	0	0.0	7,009,384	7,009,384	0	0.0	2,31076	2,29524	1,552	0.0
37. Total Jurisdictional Fuel Cost (Incl. GP17)	189,266,661	186,862,168	2,404,493	1.3	7,009,384	7,009,384	0	0.0	2,31076	2,29524	1,552	0.0
38. Revenue Tax Factor	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
39. Fuel Cost Adjusted for Taxes (Incl. GP17)	189,266,661	186,862,168	2,404,493	1.3	7,009,384	7,009,384	0	0.0	2,31076	2,29524	1,552	0.0
40. GP17 * (Already Adjusted for Taxes)	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0
41. Fuel Cost Adjusted for Taxes (Incl. GP17)	189,266,661	186,862,168	2,404,493	1.3	7,009,384	7,009,384	0	0.0	2,31076	2,29524	1,552	0.0
42. Fuel P&C Based to the Basecat. 0.01 cents per EIR	0	0	0	0.0	0	0	0	0.0	0	0	0	0.0

* Based on Jurisdictional Sales (a) included for informational purposes only

SCHEDULE A1

COMPARISON OF ESTIMATED AND ACTUAL
 FUEL AND PURCHASED POWER COST RECOVERY FACTOR
 TAMPA ELECTRIC COMPANY
 PERIOD 79 WTE THROUGH: MARCH, 1987

	ACTUAL		ESTIMATED		DIFFERENCE		DIFFERENCE		DIFFERENCE		cents/kwh
	ACTUAL	ESTIMATED	ACTUAL	ESTIMATED	AMOUNT	%	AMOUNT	%	AMOUNT	%	
1. Fuel Cost of System Net Generation (A3)	172,873,315	174,456,271	(1,4)	8,660,978	48,160	3.1	1,9877	2.11001	(1,12754)	(6.2)	
2. Steam Recycle Fuel Disposal Cost	0	0	0	0	0	0	0	0	0	0	
3. Coal Car Investment	0	0	0	0	0	0	0	0	0	0	
4. Adj. to Fuel Cost (7% Trade/Stock Shelling Losses)	(12,878)	(10,000)	2,878	0	0	0	0	0	0	0	
5. Adjustments to Fuel Cost (Allow.)	59,942	58,817	1,125	0	0	0	0	0	0	0	
6. Adjustments to Fuel Cost (Fuel Prod. Reserve)	(170)	0	(170)	0	0	0	0	0	0	0	
6f. Adj. to Fuel Cost (Oil Price Escal. False-Phillips)	(50,328)	0	(50,328)	0	0	0	0	0	0	0	
7. TOTAL COST OF GENERATED POWER (LINES 1 THROUGH 6f)	172,896,911	174,866,299	(1,0)	8,660,978	48,160	5.1	1,9877	2.12228	(6,12923)	(3.9)	
8. Fuel Cost of Purchased Power - Firm (A7)	4,200,182	7,400,680	3,200,498	85,436	30,281	67.1	6,9962	4.12228	6,99776	9.5	
9. Energy Cost of Sch. C-3 Economy Purchases (Boeber) (A8)	879,700	124,800	754,900	29,163	17,351	507.6	0.12231	2,65126	6,54195	11.0	
10. Energy Cost of Other Economy Purchases (Sun-Dreher) (A9)	0	0	0	0	0	0	0	0	0	0	
11. Energy Cost of Sch. E Economy Purchases (A5)	0	0	0	0	0	0	0	0	0	0	
12. Agency Cost of Sch. E Economy Purchases (A5)	0	0	0	0	0	0	0	0	0	0	
13. Payments to Qualifying Facilities (A8)	3,057,296	3,597,700	(494,394)	219,949	(10,817)	(1.9)	0	0	0	0	
14. TOTAL COST OF PURCHASED POWER (LINES 8 THROUGH 13)	8,257,299	6,023,160	2,234,139	339,354	36,921	12.3	2,47106	2.03154	(6,4222)	21.8	
15. TOTAL AVAILABLE FOR (LINE 5 + LINE 12)	181,154,210	180,889,459	264,751	8,997,332	481,081	3.4	0	0	0	0	
16. Fuel Cost of Economy Sales (A6)	16,464,440	15,534,400	930,040	0	141,028	13.1	1,22700	1.41226	(6,00076)	(6.2)	
17. Sales on Economy Sales - IRS (A6)	1,581,025	2,294,800	713,775	0	141,028	13.1	0,35106	0,35106	0,35106	17.4	
18. Fuel Cost of Sch. B Separ. Sales (A6)	3,071,006	2,811,200	259,806	0	32,762	17.0	1,25549	1,45062	0,19516	(6.8)	
19. Fuel Cost of Sch. C Jurisdictional Sales (A6)	650,087	941,700	(291,613)	49,215	(14,345)	(12.6)	1,22113	1,40150	(6,15641)	(10.8)	
20. Fuel Cost of Sch. D Jurisdictional Sales (A6)	2,177,489	191,200	1,986,289	119,481	107,263	905.2	0	0	0	0	
21. Fuel Cost of Sch. E Jurisdictional Sales (A6)	997,000	997,000	0	0	47,102	4.7	1,82230	1,82230	0,16578	12.9	
22. Fuel Cost of Other Power Sales (A6)	1,621,530	0	1,621,530	0	27,475	64.2	1,96566	2,23620	(6,37069)	(15.3)	
23. TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 16 + 17 + 18 + 19 + 20 + 21)	29,816,711	22,461,100	7,355,611	1,416,287	(16,200)	29.4	1,43195	1,65653	(6,02150)	(11.5)	
24. Net Instrument Interchange	0	0	0	0	475	0.0	0	0	0	0	
25. Shelling for E. Loss Shelling In's *	0	0	0	0	1,583	0.0	0	0	0	0	
26. Interchange and Shelling Losses	0	0	0	0	34,364	32.7	0	0	0	0	
27. TOTAL FUEL AND NET POWER TRANSACTIONS (LINE 23 + 24 + 25 + 26)	29,816,711	22,461,100	7,355,611	1,416,287	(16,200)	29.4	1,43195	1,65653	(6,02150)	(11.5)	
28. Net Fuel Cost	151,094,489	157,426,210	(6,331,721)	7,121,761	37,497	0.5	2,12796	2,21000	(6,08204)	(6.3)	
29. Net Fuel Cost (Allow.)	(12,581,213)(a)	(12,526,045)(a)	55,168	(150,206)	54,963	(0.4)	(8,03065)	(8,03065)	0,00000	0.0	
30. Company Tax	482,747(a)	381,482(a)	101,265	17,139	1,181	10.4	0,00582	0,00582	0,00000	0.0	
31. T & B Losses	6,539,684(a)	9,252,482(a)	(2,712,798)	209,055	(83,668)	(17.2)	0,09444	0,10023	(6,02879)	(21.5)	
32. System IRS Sales	151,404,489	157,426,210	(6,021,721)	7,121,761	37,497	0.5	2,12796	2,21000	(6,08204)	(6.3)	
33. Wholesale IRS Sales	(1,279,255)	(222,705)	(1,056,550)	0	16,264	315.1	2,10022	2,29254	(6,19232)	(6.2)	
34. Jurisdictional IRS Sales	-150,124,556	157,165,433	(7,040,879)	6,066,322	14,400	0.2	2,10022	2,29254	(6,19232)	(6.2)	
35. Jurisdictional IRS Sales Adjusted for Line Losses	150,164,071	157,165,461	(7,001,390)	6,066,322	14,400	0.2	2,10022	2,29254	(6,19232)	(6.2)	
36. Peabody Coal Contract Buy-Back Inert. Jurisdictionalized	2,706,235	2,005,020	(701,215)	6,066,322	14,400	0.2	0,00000	0,00000	0,00000	0.0	
37. True-up *	6,619,107	6,619,107	0	0	0	0	0	0	0	0	
38. Total Jurisdictional Fuel Cost (Excl. GP17)	157,409,513	164,430,407	(7,020,894)	6,066,322	14,400	0.2	2,10022	2,29254	(6,19232)	(6.2)	
39. Revenue Tax Factor	(103,971)	(103,971)	0	0	0	0	0	0	0	0	
40. Fuel Cost Adjusted for Taxes (Excl. GP17)	157,305,542	164,326,436	(7,020,894)	6,066,322	14,400	0.2	2,10022	2,29254	(6,19232)	(6.2)	
41. Fuel Cost Adjusted for Taxes (Incl. GP17)	157,305,542	164,326,436	(7,020,894)	6,066,322	14,400	0.2	2,10022	2,29254	(6,19232)	(6.2)	
42. Fuel FIC Income to the Recipient .001 cents per kWh	0	0	0	0	0	0	0	0	0	0	

* Based on Jurisdictional Sales (a) included for informational purposes only

State of Florida

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYÓ
DIRECTOR
(904) 413-6770

Public Service Commission

June 18, 1997

Ms. Angela Llewellyn
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33601-0111

Re: Docket No. 970007-EI -- Tampa Electric Company
Fuel Audit Report - Period Ended March 31, 1997
Audit Control # 97-055-2-2

Dear Ms. Llewellyn:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

The Division of Records and Reporting is holding the workpapers for which you requested confidential treatment. You have 21 days from the audit exit conference, or July 4, 1997 to file a formal request for Confidential Classification with the Division of Records and Reporting.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayó

BSB/DNV/cls

Enclosure

cc: Public Counsel
Ausley Law Firm