

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

Capacity Cost Recovery Clause Audit

Docket Number 970001-EI

Audit Control Number 97-076-2-1

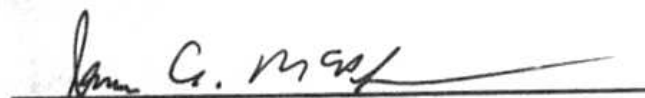

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Minority Opinion

Yes No


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Regulatory Analyst Supervisor

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/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 Capacity Cost Recovery True-up schedules prepared by Tampa Electric Company in support of FPSC Docket Number 970001-EI for the two six month periods ended September 30, 1996 and March 31, 1997. There are no confidential workpapers associated with this report.

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 of Capacity Cost Recovery True-up for the six month periods ended September 30, 1996 and March 31, 1997 prepared by Tampa Electric Company in support of Docket Number 970001-EI represent utility 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.

REVENUE: Compiled Capacity Cost Recovery (CCR) revenue and agreed to the filing. Recomputed CCR revenues using approved FPSC rate factors and company-provided KWH sales. Reconciled Utility "revenue recap" report to the general ledger on a test basis. Judgementally selected and tested a sample of customer bills to ensure the proper CCR revenue rate was being charged.

EXPENSES: Compiled capacity costs. Agreed capacity costs to Tampa Electric Company billing statements. Identified costs by vendor. Performed audit testwork of capacity cost payments to verify that qualifying facilities were being paid according to contract for electric power supplied to the Utility.

TRUE-UP: Recomputed CCR true-up and interest calculation using FPSC approved amounts and interest rates.

OTHER: Performed analytical review on capacity costs and recovery revenues for the purpose of assessing the level of audit risk and to aid in determining the scope of the audit.

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD APRIL 1986 THROUGH SEPTEMBER 1986

	(1) ACTUAL APRIL	(2) ACTUAL MAY	(3) ACTUAL JUNE	(4) ACTUAL JULY	(5) ACTUAL AUGUST	(6) ACTUAL SEPTEMBER	(7) TOTAL
1. UNIT POWER CAPACITY CHARGES	\$ 1,167,112	\$ 1,167,112	\$ 1,167,112	\$ 1,167,112	\$ 1,167,112	\$ 1,167,112	\$ 7,002,672
2. CAPACITY PAYMENTS TO COGENERATORS	980,355	980,355	980,355	980,355	980,355	980,355	5,882,130
3. EMERGENCY CAPACITY CHARGES	0	0	0	0	0	0	0
4. (CAPACITY REVENUES)	(174,328)	(202,043)	(190,572)	(356,830)	(226,987)	(157,830)	(1,308,590)
5. TOTAL CAPACITY CHARGES - CURRENT PERIOD	\$ 1,973,139	\$ 1,945,424	\$ 1,956,895	\$ 1,790,637	\$ 1,920,489	\$ 1,989,637	\$ 11,576,221
6. JURISDICTIONAL PERCENTAGE	98.46438%	98.46438%	98.46438%	98.46438%	98.46438%	98.46438%	
7. JURISDICTIONAL CAPACITY PAYMENTS	\$ 1,942,839	\$ 1,915,550	\$ 1,926,845	\$ 1,763,144	\$ 1,890,998	\$ 1,959,084	\$ 11,398,459
8. CAPACITY COST RECOVERY REVENUES (NET OF REVENUE TAXES)	1,508,954	1,682,865	1,969,557	2,069,070	2,135,946	2,184,639	11,551,031
9. PRIOR PERIOD TRUE-UP PROVISION	26,935	26,935	26,935	26,935	26,935	26,937	161,812
10. CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (NET OF REVENUE TAXES)	\$ 1,535,889	\$ 1,709,800	\$ 1,996,492	\$ 2,096,005	\$ 2,162,881	\$ 2,211,576	\$ 11,712,843
11. TRUE-UP PROVISION FOR MONTH - OVER/ (UNDER) RECOVERY (LINE 10 - LINE 7)	\$ (406,660)	\$ (205,750)	\$ 69,647	\$ 332,865	\$ 271,883	\$ 252,492	\$ 314,187
12. INTEREST PROVISION FOR MONTH	3,313	1,769	1,395	2,204	3,435	4,514	16,660
13. TRUE-UP & INTEREST PROVISION BEGINNING OF MONTH - OVER/(UNDER) RECOVERY	161,612	(268,960)	(499,846)	(455,736)	(147,605)	100,778	161,612
14. DEFERRED TRUE-UP - OVER/(UNDER) RECOVERY	785,067	785,067	785,067	785,067	785,067	785,067	785,067
15. PRIOR PERIOD TRUE-UP PROVISION - COLLECTED/(REFUNDED) THIS MONTH	(26,935)	(26,935)	(26,935)	(26,935)	(26,935)	(26,937)	(161,812)
16. END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 11 - 15)	\$ 516,107	\$ 285,221	\$ 329,328	\$ 637,462	\$ 885,845	\$ 1,115,914	\$ 1,115,914

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
FOR THE PERIOD APRIL 1996 THROUGH SEPTEMBER 1996

	(1) ACTUAL APRIL	(2) ACTUAL MAY	(3) ACTUAL JUNE	(4) ACTUAL JULY	(5) ACTUAL AUGUST	(6) ACTUAL SEPTEMBER	(7) TOTAL
1. BEGINNING TRUE-UP AMOUNT	946,679	516,107	285,221	329,328	637,462	885,845	N/A
2. ENDING TRUE-UP AMOUNT BEFORE INTEREST	512,794	283,422	327,933	635,258	882,410	1,111,400	N/A
3. TOTAL BEGINNING & ENDING TRUE-UP AMOUNT (LINES 1 + 2)	1,459,473	799,529	613,154	964,586	1,519,872	1,997,245	N/A
4. AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	<u>729,737</u>	<u>399,765</u>	<u>306,577</u>	<u>482,293</u>	<u>759,936</u>	<u>998,623</u>	N/A
5. INT. RATE % - FIRST DAY REP. BUS. MONTH	5.500	5.400	5.400	5.520	5.450	5.400	N/A
6. INT. RATE % - FIRST DAY SUBSEQUENT MONTH	5.400	5.400	5.520	5.450	5.400	5.440	N/A
7. TOTAL (LINE 5 + LINE 6)	10.900	10.800	10.920	10.970	10.850	10.840	N/A
8. AVERAGE INT. RATE % (50% OF LINE 7)	5.450	5.400	5.460	5.485	5.425	5.420	N/A
9. MONTHLY AVG. INT. RATE % (LINE 8/12)	0.454	0.450	0.455	0.457	0.452	0.452	N/A
10. INT. PROVISION (LINE 4 X LINE 9)	<u>\$3,313</u>	<u>1,799</u>	<u>\$1,395</u>	<u>\$2,204</u>	<u>\$3,435</u>	<u>\$4,514</u>	<u>\$16,660</u>

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD OCTOBER 1996 THROUGH MARCH 1997

	(1) ACTUAL OCTOBER	(2) ACTUAL NOVEMBER	(3) ACTUAL DECEMBER	(4) ACTUAL JANUARY	(5) ACTUAL FEBRUARY	(6) ACTUAL MARCH	(7) TOTAL
1. UNIT POWER CAPACITY CHARGES	\$ 1,167,112	\$ 1,167,112	\$ 807,114	\$ 1,126,078	\$ 1,126,084	\$ 1,126,078	\$ 6,519,578
2. CAPACITY PAYMENTS TO COGENERATORS	980,355	980,355	980,355	1,005,195	1,005,195	1,005,195	5,956,850
3. EMERGENCY CAPACITY CHARGES	0	0	0	0	0	0	0
4. (CAPACITY REVENUES)	(171,120)	(174,658)	(307,241)	(241,177)	(163,285)	(161,079)	(1,218,560)
5. TOTAL CAPACITY CHARGES - CURRENT PERIOD	\$ 1,976,347	\$ 1,972,809	\$ 1,480,228	\$ 1,890,096	\$ 1,967,994	\$ 1,970,194	\$ 11,257,668
6. JURISDICTIONAL PERCENTAGE	98.46438%	98.46438%	98.46438%	98.46438%	98.46438%	98.46438%	
7. JURISDICTIONAL CAPACITY PAYMENTS	\$ 1,945,998	\$ 1,942,514	1,457,497	\$ 1,861,071	\$ 1,937,773	\$ 1,939,939	\$ 11,084,792
8. CAPACITY COST RECOVERY REVENUES (NET OF REVENUE TAXES)	1,864,733	1,640,755	1,532,133	1,799,851	1,599,723	1,622,184	10,159,379
9. PRIOR PERIOD TRUE-UP PROVISION	183,892	183,892	183,892	183,892	183,892	183,894	1,103,354
10. CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (NET OF REVENUE TAXES)	\$ 2,048,625	\$ 1,824,647	\$ 1,816,025	\$ 1,983,743	\$ 1,783,615	\$ 1,806,078	\$ 11,262,733
11. TRUE-UP PROVISION FOR MONTH - OVER/ (UNDER) RECOVERY (LINE 10 - LINE 7)	\$ 102,627	\$ (117,867)	\$ 350,528	\$ 122,672	\$ (154,158)	\$ (133,861)	\$ 177,941
12. INTEREST PROVISION FOR MONTH	4,850	4,008	3,938	4,226	3,145	1,718	21,885
13. TRUE-UP & INTEREST PROVISION BEGINNING OF MONTH - OVER/(UNDER) RECOVERY	1,103,354	1,026,939	729,188	907,762	850,768	515,863	1,103,354
14. DEFERRED TRUE-UP - OVER/(UNDER) RECOVERY	12,560	12,560	12,560	12,560	12,560	12,560	12,560
15. PRIOR PERIOD TRUE-UP PROVISION - COLLECTED/(REFUNDED) THIS MONTH	(183,892)	(183,892)	(183,892)	(183,892)	(183,892)	(183,894)	(1,103,354)
16. END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 11 - 15)	\$ 1,039,499	\$ 741,748	\$ 920,322	\$ 863,328	\$ 528,423	\$ 212,386	\$ 212,386

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
FOR THE PERIOD OCTOBER 1996 THROUGH MARCH 1997

	(1) ACTUAL OCTOBER	(2) ACTUAL NOVEMBER	(3) ACTUAL DECEMBER	(4) ACTUAL JANUARY	(5) ACTUAL FEBRUARY	(6) ACTUAL MARCH	(7) TOTAL
1. BEGINNING TRUE-UP AMOUNT	1,115,914	1,039,499	741,748	820,322	863,328	528,423	N/A
2. ENDING TRUE-UP AMOUNT BEFORE INTEREST	1,034,649	737,740	916,384	859,102	525,278	210,668	N/A
3. TOTAL BEGINNING & ENDING TRUE-UP AMOUNT (LINES 1 + 2)	2,150,563	1,777,239	1,658,132	1,779,424	1,388,606	739,091	N/A
4. AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	1,075,282	888,620	829,066	889,712	694,303	369,546	N/A
5. INT. RATE % - FIRST DAY REP. BUS. MONTH	5.440	5.380	5.450	5.950	5.450	5.430	N/A
6. INT. RATE % - FIRST DAY SUBSEQUENT MONTH	5.380	5.450	5.950	5.450	5.430	5.740	N/A
7. TOTAL (LINE 5 + LINE 6)	10.820	10.830	11.400	11.400	10.880	11.170	N/A
8. AVERAGE INT. RATE % (50% OF LINE 7)	5.410	5.415	5.700	5.700	5.440	5.585	N/A
9. MONTHLY AVG. INT. RATE % (LINE 8/12)	0.451	0.451	0.475	0.475	0.453	0.465	N/A
10. INT. PROVISION (LINE 4 X LINE 9)	\$4,850	4,008	\$3,938	\$4,226	\$3,145	\$1,718	\$21,885

State of Florida

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



DIVISION OF RECORDS &
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Public Service Commission

June 23, 1997

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


Re: Docket No. 970001-EI -- Tampa Electric Company
Capacity Cost Audit Report - Period Ended March 31, 1997
Audit Control # 97-076-2-1

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.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayó

BSB/DNV/cls

Enclosure

cc: Public Counsel
Ausley Law Firm