

ORIGINAL



April 16, 2004

Ms. Blanca S. Bayo, Director  
Division of Commission Clerk  
And Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

RECEIVED-FPSC  
04 APR 16 PM 2:18  
COMMISSION  
CLERK

Re: Tampa Electric Company  
Docket No. 040001-EI, Audit Re.: Fuel Adjustment Clause  
Audit Control No. 04-023-2-1

Dear Ms. Bayo:

Enclosed is Tampa Electric Company's response to your audit report, dated April 5, 2004,  
regarding fuel adjustment clause in Docket No. 040001-EI.

Please let me know if you have any questions with respect to this matter.

Sincerely,

Angela L. Llewellyn  
Administrator  
Regulatory Affairs

- AUS \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
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- GCL \_\_\_\_\_
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- SEC \_\_\_\_\_
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Enclosure

cc: Lee L. Willis, Esq.

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FPSC-BUREAU OF RECORDS

TAMPA ELECTRIC COMPANY  
P.O. BOX 111 TAMPA, FL 33601-0111

AN EQUAL OPPORTUNITY COMPANY  
HTTP://WWW.TAMPAELECTRIC.COM

(813) 228-4111  
CUSTOMER SERVICE:  
HILLSBOROUGH COUNTY (813) 223-0800  
OUTSIDE HILLSBOROUGH COUNTY 1 (888) 223-0800

DOCUMENT NUMBER - DATE

04588 APR 16 04

FPSC-COMMISSION CLERK

**Subject: Reconciliation of the FAC A-5 and the FPSC Form 423**

1. Statement of Fact: The purchases on the FAC A-5 schedule and the FPSC Form 423 for oil and natural gas are easily reconcilable. The reconciliation of coal between the A-5 and the Form 423 is often quite complex.

Coal purchases are those transactions in which coal is shipped from mines to the bulk terminal in Davant, Louisiana. In those transactions, invoices are rendered and paid, and then recorded on the Form 423.

At the terminal, coal is removed from trains or barges and stored by type of coal. At this point, a specific amount of coal recorded on an invoice loses its particular identity.

Coal which is removed from the terminal and transported to electric generating plants is classified as a purchase on the FAC A-5 schedule. The tons of coal on the A-5 schedule are those which were delivered to the electric generating plants from the bulk terminal transfer facility. In comparison, the tons of coal on the FPSC Forms 423 are those which were purchased during the reporting month. These tons may be at the bulk terminal, or in transit to or from the bulk terminal, but not yet delivered to the generating plants. Therefore, the tons purchased during a given month are not the same as those tons of coal delivered to the generating plants from the bulk terminal for consumption. The charge-out price of the deliveries to the generating plants is based on the composite price at the bulk terminal of all coal of that type, instead of the price on a specific invoice.

Recommendation:

The "purchases" line (line 30) for coal on the A-5 schedule should be changed to read "receipts", in order to correctly portray what the source of supply to the generating plants actually is.

DOCUMENT NUMBER-DATE

04588 APR 16 3

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**TAMPA ELECTRIC COMPANY  
DOCKET NO. 040001-EI  
AUDIT: FUEL ADJUSTMENT CLAUSE  
AUDIT CONTROL NO. 04-023-2-1  
AUDIT DISCLOSURE NO. 1  
FILED: APRIL 16, 2004  
PAGE 2 OF 2**

- A.** Tampa Electric agrees with the Staff auditor's assessment of the process, except that coal is exclusively received by barge at Davant, Louisiana. Tampa Electric does not believe, however, that changing the description on line 30 to read "receipts" is necessary since it is understood by the user of the information that coal is a commodity where inventory must be maintained. Therefore, any "purchased" coal during a particular reporting month would be the average cost of the inventoried coal delivered.