

State of Florida



ORIGINAL

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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DATE: April 19, 2007
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: 070001-EI; Company Name: Tampa Electric Company;
Audit Purpose: Capacity Cost Recovery Clause; Audit Control No: 07-022-2-3;

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 the response to the Division of Commission Clerk. There are no confidential work papers associated with this audit.

DNV:sbj
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of Commission Clerk (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

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DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
BUREAU OF AUDITING*

TAMPA DISTRICT OFFICE

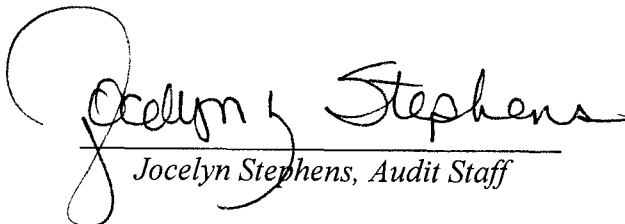
TAMPA ELECTRIC COMPANY

CAPACITY COST RECOVERY AUDIT

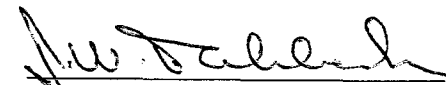
HISTORICAL YEAR ENDED DECEMBER 31, 2006

DOCKET NO. 070001-EI

AUDIT CONTROL NO. 07-022-2-3



Jocelyn Stephens, Audit Staff



Joseph W. Rohrbacher, Tampa District Supervisor

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

April 16, 2007

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

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 in support of its filing for Capacity Cost Recovery Clause in Docket No. 070001-EI.

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 which are only for internal Commission use.

OBJECTIVES AND PROCEDURES:

REVENUES

Objective: - To verify that Capacity Cost Recovery Clause (CCRC) revenue and KWH sold as filed were completely and properly recorded on the books of the company.

Procedures: - We compiled Capacity Cost Recovery (CCR) revenues and agreed to the filing. Recomputed CCR revenues using approved FPSC rate factors and company provided KWH sales and verified that the rates used complied with Commission Orders. Reconciled capacity revenues to the General Ledger. Recalculated the energy charge for customer bills selected from various rate classes and determined that the company used the correct rates approved by the Commission.

EXPENSES

Objectives: - To verify that the Capacity Costs agree to the general ledger and reconcile to the books and records of the company.

Procedures: - We prepared a schedule of capacity cost charges and sales revenues and agreed to the filing. We traced selected capacity costs to journal entry postings in the General Ledger and to Tampa Electric billing statements. We identified costs by vendor.

Objectives: - To verify that transmission revenues derived from non-separated, non-Energy Broker Network, wholesale energy sales were credited to the clause per Order PSC-99-2512-FOF-EI.

Procedures: - We traced transmission revenues reported on the filings to Market Based Sales schedules and invoices.

Objectives: - To verify that the invoices for capacity purchase amounts are recorded according to the terms and conditions of the contracts.

Procedures: - We tested capacity purchase payments to verify the company was in compliance with contract terms of purchase power contracts.

Objectives: - To verify that security costs recovered in the capacity clause are incremental to the security costs included in base rates.

Procedures: - Auditor verified the computation of incremental security costs and the accuracy of adjustments contained in the incremental security costs and determined that the incremental security costs are in accordance with Commission Orders.

TRUE-UP

Objectives: - 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 2006 CCRC true-up and interest using the FPSC approved recoverable true-up amount, interest rates and jurisdictional separation factor.

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

	Actual Jan-06	Actual Feb-06	Actual Mar-06	Actual Apr-06	Actual May-06	Actual Jun-06	Actual Jul-06	Actual Aug-06	Actual Sep-06	Actual Oct-06	Actual Nov-06	Actual Dec-06	Total
1 UNIT POWER CAPACITY CHARGES	1,711,084	1,695,490	1,695,490	1,682,168	1,703,282	1,703,282	1,703,282	1,703,282	1,703,282	1,703,282	1,703,282	1,703,282	20,410,488
2 CAPACITY PAYMENTS TO COGENERATORS	1,834,625	1,834,625	1,834,625	1,834,625	1,925,705	1,880,165	1,880,165	1,880,165	1,885,900	1,885,900	1,885,900	1,885,900	22,448,300
3 EMERGENCY CAPACITY CHARGES	865,000	865,000	865,000	1,108,213	1,435,161	1,515,223	1,354,413	1,435,161	2,332,906	1,435,908	1,599,618	1,819,903	16,631,506
4 INCREMENTAL SECURITY O&M COSTS	39,116	13,100	46,444	18,913	48,531	53,812	49,967	86,854	71,416	53,684	54,744	50,987	587,570
5 (CAPACITY REVENUES)	(105,898)	(92,843)	(98,729)	(101,086)	(117,339)	(168,538)	(34,964)	(28,935)	(47,950)	(31,773)	(93,403)	(80,372)	(1,001,830)
6 TOTAL CAPACITY DOLLARS	4,343,927	4,315,372	4,342,830	4,542,833	4,995,340	4,983,944	4,952,863	5,076,527	5,945,554	5,047,001	5,150,141	5,379,700	59,076,034
7 JURISDICTIONAL PERCENTAGE	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	0.9641722	
8 JURISDICTIONAL CAPACITY DOLLARS	4,188,294	4,160,762	4,187,236	4,380,073	4,816,368	4,805,380	4,775,412	4,894,647	5,732,538	4,866,178	4,965,623	5,186,957	56,959,468
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	4,201,800	3,848,120	3,677,992	3,913,972	4,487,616	5,143,290	5,465,574	5,424,091	5,389,905	4,887,928	3,996,265	4,105,925	54,542,478
10 PRIOR PERIOD TRUE-UP PROVISION	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(79,776)	(957,312)
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	4,122,024	3,768,344	3,598,216	3,834,196	4,407,840	5,063,514	5,385,798	5,344,315	5,310,129	4,808,152	3,916,489	4,026,149	53,585,166
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 8)	(66,270)	(392,418)	(589,020)	(545,877)	(408,528)	258,134	610,386	449,668	(422,409)	(58,026)	(1,049,134)	(1,160,808)	(3,374,302)
13 INTEREST PROVISION FOR PERIOD	(4,064)	(4,754)	(6,506)	(8,814)	(10,695)	(11,079)	(9,234)	(6,551)	(6,110)	(6,842)	(8,931)	(13,461)	(97,041)
14 2005 ADJUSTMENT (RETAIL/WHSL) INCL INTEREST					612								612
15 INTEREST ADJUSTMENT FOR JUNE 2006							340						340
16 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER/(UNDER) RECOVERY	(1,114,118)	(1,104,676)	(1,422,072)	(1,937,822)	(2,412,737)	(2,751,572)	(2,424,741)	(1,743,473)	(1,220,580)	(1,569,323)	(1,554,415)	(2,532,704)	(1,114,118)
17 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	79,776	79,776	79,776	79,776	79,776	79,776	79,776	79,776	79,776	79,776	79,776	79,776	957,312
18 END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 12 - 17)	(1,104,676)	(1,422,072)	(1,937,822)	(2,412,737)	(2,751,572)	(2,424,741)	(1,743,473)	(1,220,580)	(1,569,323)	(1,554,415)	(2,532,704)	(3,627,197)	(3,627,197)

DOCKET NO. 070001-1E1
CCR 2006 FINAL TRUE UP
EXHIBIT CA-1, PAGE 2 OF 4
DOCUMENT NO. 1

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

	Actual Jan-06	Actual Feb-06	Actual Mar-06	Actual Apr-06	Actual May-06	Actual Jun-06	Actual Jul-06	Actual Aug-06	Actual Sep-06	Actual Oct-06	Actual Nov-06	Actual Dec-06	Total
1 BEGINNING TRUE-UP AMOUNT	(1,114,118)	(1,104,676)	(1,422,072)	(1,937,822)	(2,412,737)	(2,751,572)	(2,424,741)	(1,743,473)	(1,220,580)	(1,569,323)	(1,554,415)	(2,532,704)	(1,114,118)
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(1,100,612)	(1,417,318)	(1,931,316)	(2,403,923)	(2,741,489)	(2,413,662)	(1,734,579)	(1,214,029)	(1,563,213)	(1,547,573)	(2,523,773)	(3,613,736)	(3,531,108)
3 TOTAL BEGINNING & ENDING TRUE-UP AMT. (LINE 1 + LINE 2)	(2,214,730)	(2,521,994)	(3,353,388)	(4,341,745)	(5,154,226)	(5,165,234)	(4,159,320)	(2,957,502)	(2,783,793)	(3,116,896)	(4,078,188)	(6,146,440)	(4,645,226)
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(1,107,365)	(1,260,997)	(1,676,694)	(2,170,873)	(2,577,113)	(2,582,617)	(2,079,660)	(1,478,751)	(1,391,897)	(1,558,448)	(2,039,094)	(3,073,220)	(2,322,613)
5 INTEREST RATE % - 1ST DAY OF MONTH	4.300	4.510	4.530	4.780	4.960	5.010	5.290	5.360	5.270	5.260	5.270	5.250	NA
6 INTEREST RATE % - 1ST DAY OF NEXT MONTH	4.510	4.530	4.780	4.960	5.010	5.290	5.360	5.270	5.260	5.270	5.250	5.270	NA
7 TOTAL (LINE 5 + LINE 6)	8.810	9.040	9.310	9.740	9.970	10.300	10.650	10.630	10.530	10.530	10.520	10.520	NA
8 AVERAGE INTEREST RATE % (50% OF LINE 7)	4.405	4.520	4.655	4.870	4.985	5.150	5.325	5.315	5.265	5.265	5.260	5.260	NA
9 MONTHLY AVERAGE INTEREST RATE % (LINE 8/12)	0.367	0.377	0.388	0.406	0.415	0.429	0.444	0.443	0.439	0.439	0.438	0.438	NA
10 INTEREST PROVISION (LINE 4 X LINE 9)	(4,064)	(4,754)	(6,506)	(8,814)	(10,695)	(11,079)	(9,234)	(6,551)	(6,110)	(6,842)	(8,931)	(13,461)	(97,041)