

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** April 24, 2009  
**TO:** Kaley Giles, Regulatory Analyst II, Division of Economic Regulation  
**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance *DNV*  
**RE:** Docket No: 090001-EI; Company Name: Tampa Electric Company;  
Audit Purpose: Fuel Cost Recovery Clause; Company Code: EI806;  
Audit Control No: 09-041-2-4;

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

DNV/tbm

Attachment: Audit Report

CC: Division of Regulatory Compliance (Salak, Mailhot, Harvey,  
District Offices, File Folder)  
Office of Commission Clerk (2)  
General Counsel  
Office of Public Counsel

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Tampa Electric Company  
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Tampa, FL 33601-0111

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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**

**FUEL ADJUSTMENT CLAUSE AUDIT**

**HISTORICAL YEAR ENDED DECEMBER 31, 2008**

**DOCKET NO. 090001-EI**

**AUDIT CONTROL NO. 09-041-2-4**

A handwritten signature in cursive script, appearing to read "Tomer".

*Tomer Kopelovich, Audit Manager*

A handwritten signature in cursive script, appearing to read "Joseph W. Rohrbacher".

*Joseph W. Rohrbacher, District Audit Supervisor*

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

**March 31, 2009**

**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 fuel and purchased costs recovery, Docket 090001-EI.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures and the report is intended only for internal Commission use.

DOCUMENT NUMBER-DATE

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## OBJECTIVES AND PROCEDURES:

Objective: Review expenses, which Tampa Electric has included in the fuel clause filing to identify those that do not meet the criteria set forth in Order No. 14546, in Docket No. 850001-EI-B, issued July 8, 1985.

Reconcile coal and oil purchases as shown on monthly FPSC Form 423 with monthly Schedule A-5, general ledger, contractual obligations, and source documents. Trace differences to source documents.

Procedures: We read an excerpt from PSC Order No. 14546 in order to determine which costs are considered allowable recoverable expenses for fuel clause purposes. The company stated that all its recoverable fuel expenses met the criteria of PSC Order No. 14546. We analyzed fuel purchases by selecting Form 423 for various months and tracing all purchase line items to vendor invoices for coal and No. 2 and No. 6 Oil to assure that all inventoried costs met established criteria.

We then reconciled total purchases from Form 423 to the net activity recorded in the Fuel Stock (Inventory) Reports and from the Fuel Stock Reports to Schedule A-5 (Inventory Analysis). We also traced selected invoices to the Fuel Stock report (units and dollars) and traced a daily average cost of coal from net activity to generation expense.

For natural gas, we selected one month for analysis and using the monthly close-out report, traced all purchases to vendor invoices. We then reconciled the close-out report to the inventory schedule and the inventory schedule to purchase on Schedule A-5 in the fuel filing.

Objective: Verify that Tampa Electric has credited vendor rebates and refunds to its recoverable fuel cost.

Procedures: We analyzed all quality discounts and refunds provided to the company. Traced refunds and quality discounts to Accounts Receivable Miscellaneous schedule, Fuel Expense schedule, Journal Entry 32 and fuel inventory schedules. The company stated that it received no rebates.

Objective: Verify that any adjustments to coal inventory due to differences between the "per books" inventory quantities and the semi-annual coal inventory survey quantities have been performed as set forth in Order No. PSC-97-0359-FOF-EI, in Docket No. 970001-EI, issued March 31, 1997.

Procedures: We reviewed all documentation supporting aerial survey calculations and recorded adjustments to determine compliance with PSC procedures established in Order No. PSC-97-0359-FOF-EI. We received a company letter which states that inventory procedures have not changed from the prior audit period.

Objectives: Verify that Tampa Electric has credited generation-related gains derived from non-separated wholesale energy sales to the fuel clause as set forth in Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000.

Procedures: Traced selected amounts to invoices. Determined that both fuels and O&M cost of Schedule D sales were credited to operating revenues in accordance with Order No. PSC-00-1744-PAA-EI as well as Order No. PSC-01-2371-FOF-EI. Noted that the company began recording gains for Schedule D sales on Schedule A-6 in 2008. Determined that no O&M cost were charged against generation related-gains related to Market Based and Jurisdictional Schedule D sales.

Objectives: Reconcile heat rates as shown on the monthly Schedule A-4 for GPIF units with annual GPIF filings.

Procedures: We reconciled the heat rates as shown on the monthly Schedule A-4 for GPIF with the annual GPIF filings.

Objectives: Reconcile service hours, reserve shut down hours and unavailable hours for GPIF units as shown on annual GPIF filings with source documents.

Procedures: We reconciled service hours, reserve shut down hours and unavailable hours for GPIF units as shown on annual GPIF filings for Big Bend 1 and Polk 1 for the months of April and August 2008 with GADS (Generating Availability Data System), the plant data reporting system.

Objectives: Verify that energy payments to qualifying facilities are based on the appropriate standard offer or negotiated contract rate.

Procedures: Traced fuel cost recorded on Schedule A-8 to invoices. Compared rates per contract to rates per invoice.

Objective: Summarize and verify accuracy of amounts recorded for Purchased Power Firm (Schedule A-7).

Procedures: We selected one month for analysis. For selected line items, we traced "MWH Purchased" and "Total \$ for Fuel Adjustment" to a company invoices.

Objective: Verify that FTS (firm transportation service) charges for natural gas transportation agree with the appropriate FTS rate schedules for pipeline company tariffs.

Procedures: Obtained the FTS tariff and agreed Reservation, Usage, and other rate items to natural gas transportation invoices.

COMPARISON OF ESTIMATED AND ACTUAL  
FUEL AND PURCHASED POWER COST RECOVERY FACTOR  
TAMPA ELECTRIC COMPANY  
PERIOD TO DATE THROUGH: DECEMBER 2008

	\$				MWH				CENTS/KWH			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
1. Fuel Cost of System Net Generation (A3)	920,155,654	942,046,990	(21,891,336)	-2.3%	17,779,988	19,586,497	(1,806,509)	-9.2%	5.17523	4.80968	0.36555	7.6%
2. Spent Nuclear Fuel Disposal Cost	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
3. Coal Car Investment	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
4a. Adj. to Fuel Cost (Fi.Meade/Wauch, Wheeling Losses)	(121,821)	(109,740)	(12,081)	11.0%	17,779,988 (a)	19,586,497 (a)	(1,806,509)	-9.2%	(0.00068)	(0.00056)	(0.00012)	22.3%
4b. Adjustments to Fuel Cost	0	0	0	0.0%	17,779,988 (a)	19,586,497 (a)	(1,806,509)	-9.2%	0.00000	0.00000	0.00000	0.0%
4c. Adjustments to Fuel Cost	0	0	0	0.0%	17,779,988 (a)	19,586,497 (a)	(1,806,509)	-9.2%	0.00000	0.00000	0.00000	0.0%
5. TOTAL COST OF GENERATED POWER (Lines 1 through 4c)	920,033,833	941,937,250	(21,903,417)	-2.3%	17,779,988	19,586,497	(1,806,509)	-9.2%	5.17455	4.80912	0.36543	7.6%
6. Fuel Cost of Purchased Power - Firm (A7)	110,385,603	53,895,600	56,490,003	104.8%	1,389,369	574,898	814,471	141.7%	7.94502	9.37481	(1.42979)	-15.3%
7. Energy Cost of Sch. C,X Econ. Purch. (Broker) (A9)	79,753,961	107,048,900	(27,294,939)	-25.5%	971,887	1,361,559	(389,672)	-28.6%	8.20608	7.86223	0.34386	4.4%
8. Energy Cost of Other Econ. Purch. (Non-Broker) (A9)	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
9. Energy Cost of Sch. E Economy Purchases (A9)	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
10. Capacity Cost of Sch. E Economy Purchases	0	0	0	0.0%	0 (a)	0 (a)	0	0.0%	0.00000	0.00000	0.00000	0.0%
11. Payments to Qualifying Facilities (AB)	31,280,060	29,106,500	2,173,560	7.5%	676,363	659,244	17,119	2.6%	4.62474	4.41513	0.20961	4.7%
12. TOTAL COST OF PURCHASED POWER (Lines 6 through 11)	221,419,624	190,051,000	31,368,624	16.5%	3,037,619	2,695,791	441,818	17.0%	7.28925	7.32176	(0.03251)	-0.4%
13. TOTAL AVAILABLE KWH (LINE 5 + LINE 12)					20,817,607	22,182,198	(1,364,591)	-6.2%				
14. Fuel Cost of Sch. D Jurisd. Sales (A8)	691,416	586,000	105,416	18.0%	14,711	10,813	3,898	36.0%	4.70010	5.41940	(0.71930)	-13.3%
15. Fuel Cost of Sch. DATT Jurisd. Sales (A6)	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
16. Fuel Cost of Sch. D Sales (A5)	40,250	0	40,250	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
17. Fuel Cost of Market Base Sales (A6)	6,815,357	5,657,600	1,157,757	20.6%	132,051	124,156	7,895	6.4%	5.16116	4.55685	0.60431	13.3%
18. Fuel Cost of Sch. D/BO Sales (A6)	22,125	0	22,125	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
19. Gains on Market Based Sales	1,504,047	2,187,300	(683,253)	-31.2%								
20. TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 14 + 15 + 16 + 17 + 18 + 19)	9,073,195	8,430,900	642,295	7.6%	146,762	134,969	11,793	8.7%	6.18227	6.24655	(0.06428)	-1.0%
21. Net Inadvertent Interchange					148	0	148	0.0%				
22. Wheeling Rec'd. less Wheeling Deliv'd.					29,890	0	29,890	0.0%				
23. Interchange and Wheeling Losses					31,790	2,400	29,390	1224.6%				
24. TOTAL FUEL AND NET POWER TRANSACTIONS (LINE 5 + 12 - 20 + 21 + 22 - 23)	1,132,380,262	1,123,557,350	8,822,912	0.8%	20,669,093	22,044,829	(1,375,736)	-6.2%	5.47862	5.09669	0.38192	7.5%
25. Net Unbilled	(1,677,230) (a)	(2,062,172) (a)	384,942	-18.7%	(68,987)	(27,896)	(41,091)	147.3%	2.43123	7.39236	(4.96113)	-67.1%
26. Company Use	1,945,982 (a)	1,830,049 (a)	115,933	8.3%	35,735	38,000	(265)	-0.7%	5.44559	5.08347	0.36212	7.1%
27. T & D Losses	53,294,928 (a)	54,071,340 (a)	(776,411)	-1.4%	976,530	1,052,209	(76,679)	-7.3%	5.46318	5.13884	0.32434	6.3%
28. System KWH Sales	1,132,380,262	1,123,557,350	8,822,912	0.8%	19,728,814	20,984,516	(1,257,702)	-6.0%	5.74031	5.35422	0.38609	7.2%
29. Wholesale KWH Sales	(42,838,993)	(34,136,855)	(8,702,138)	25.5%	(737,208)	(637,279)	(99,929)	15.7%	5.81098	5.35666	0.45432	8.5%
30. Jurisdictional KWH Sales	1,089,541,269	1,089,420,495	120,774	0.0%	18,989,606	20,347,237	(1,357,631)	-6.7%	5.73757	5.35414	0.38342	7.2%
31. Jurisdictional Loss Multiplier									1.00087	1.00087	0.00000	0.0%
32. Jurisdictional KWH Sales Adjusted for Line Losses	1,090,469,169	1,090,368,290	120,879	0.0%	18,989,606	20,347,237	(1,357,631)	-6.7%	5.74266	5.35880	0.38376	7.2%
33. Other	0	0	0	0.0%	18,989,606	20,347,237	(1,357,631)	-6.7%	0.00000	0.00000	0.00000	0.0%
34. Waterborne Transportation Disallowance Per FPSC Decision 9/21/04	(17,362,598)	(15,315,380)	(2,047,218)	13.4%	18,989,606	20,347,237	(1,357,631)	-6.7%	(0.09143)	(0.07527)	(0.01616)	21.5%
35. Other	0	0	0	0.0%	18,989,606	20,347,237	(1,357,631)	-6.7%	0.00000	0.00000	0.00000	0.0%
36. True-up *	(15,392,712)	(15,392,712)	0	0.0%	18,989,606	20,347,237	(1,357,631)	-6.7%	(0.08106)	(0.07585)	(0.00541)	7.1%
37. Total Jurisdictional Fuel Cost (Excl. GPIF)	1,057,733,859	1,059,860,198	(1,926,339)	-0.2%	18,989,606	20,347,237	(1,357,631)	-6.7%	5.57007	5.20788	0.36218	7.0%
38. Revenue Tax Factor									1.00072	1.00072	0.00000	0.0%
39. Fuel Cost Adjusted for Taxes (Excl. GPIF)	1,058,495,426	1,060,423,152	(1,927,726)	-0.2%	18,989,606	20,347,237	(1,357,631)	-6.7%	5.57408	5.21163	0.36245	7.0%
40. GPIF * (Already Adjusted for Taxes)	1,439,819	1,439,819	0	0.0%	18,989,606	20,347,237	(1,357,631)	-6.7%	0.00758	0.00708	0.00051	7.1%
41. Fuel Cost Adjusted for Taxes (Incl. GPIF)	1,059,935,245	1,061,862,971	(1,927,726)	-0.2%	18,989,606	20,347,237	(1,357,631)	-6.7%	5.58166	5.21871	0.36296	7.0%
42. Fuel FAC Rounded to the Nearest .001 cents per KWH									5.582	5.219	0.363	7.0%

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

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
TAMPA ELECTRIC COMPANY  
MONTH OF: DECEMBER 2008

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
<b>C. TRUE-UP CALCULATION</b>								
1. JURISDICTIONAL FUEL REVENUE	73,758,279	81,044,648	(7,286,369)	-9.0%	984,385,862	1,061,033,057	(76,647,195)	-7.2%
2. FUEL ADJUSTMENT NOT APPLICABLE	0	0	0	0.0%	0	0	0	0.0%
2a. TRUE-UP PROVISION	1,282,726	1,282,726	0	0.0%	15,392,712	15,392,712	0	0.0%
2b. INCENTIVE PROVISION	(119,984)	(119,984)	0	0.0%	(1,439,819)	(1,439,819)	0	0.0%
2c. TRANSITION ADJUSTMENT	0	0	0	0.0%	0	0	0	0.0%
2d. WATERBORNE TRANSP. DISALLOWANCE PER FPSC DECISION 9/21/04	4,192,616	1,276,278	2,916,338	228.5%	17,362,598	15,315,380	2,047,218	13.4%
3. JURIS. FUEL REVENUE APPL TO PERIOD	79,113,837	83,483,668	(4,370,031)	-5.2%	1,015,701,353	1,080,301,330	(74,599,977)	-6.8%
4. ADJ. TOTAL FUEL & NET PWR. TRANS. (LINE A7)	74,676,389	85,795,216	(11,118,827)	-13.0%	1,132,380,262	1,123,557,350	8,822,912	0.8%
5. JURISDIC. SALES- % TOTAL MWH SALES (LINE B4)	0.9788701	0.9773401	0.0015300	0.2%	NA	NA	-	0.0%
6. JURISDIC. TOTAL FUEL & NET PWR,TRANS.	73,098,484	83,851,105	(10,752,621)	-12.8%	1,089,541,269	1,089,420,495	120,774	0.0%
6a. JURISDIC. LOSS MULTIPLIER	1.00087	1.00087	0.00000	0.0%	NA	NA	-	0.0%
6b. (LINE C6 x LINE C6a)	73,162,080	83,924,055	(10,761,975)	-12.8%	1,090,489,169	1,090,368,290	120,879	0.0%
6c. OTHER	0	0	0	0.0%	0	0	0	0.0%
6d. (LINE C6c x LINE C5)	0	0	0	0.0%	0	0	0	0.0%
6e. OTHER	0	0	0	0.0%	0	0	0	0.0%
6f. INTEREST ADJ. FOR PRIOR PERIOD HPP ADJ. REPORTED ON SCH A7	0	0	0	0.0%	0	0	0	0.0%
6g. JURISDIC. TOTAL FUEL & NET PWR INCL. ALL ADJ.(LNS. C6b+C6d+C6e+C6f)	73,162,080	83,924,055	(10,761,975)	-12.8%	1,090,489,169	1,090,368,290	120,879	0.0%
7. TRUE-UP PROV. FOR MO. +/- COLLECTED (LINE C3 - LINE C6g)	5,951,557	(440,387)	6,391,944	-1451.4%	(74,787,816)	(66,960)	(74,720,856)	111590.3%
8. INTEREST PROVISION FOR THE MONTH	(84,771)	4,848	(89,619)	-1848.6%	(1,571,468)	179,881	(1,751,349)	-973.6%
9. TRUE-UP & INT. PROV. BEG. OF MONTH	(102,064,471)	1,831,186	(103,895,657)	-5673.7%	NOT APPLICABLE			
10. TRUE-UP COLLECTED (REFUNDED)	(1,282,726)	(1,282,726)	0	0.0%	NOT APPLICABLE			
11. END OF PERIOD TOTAL NET TRUE-UP (LINE C7 through C10)	(97,480,411)	112,921	(97,593,332)	-86426.2%	NOT APPLICABLE			

NOTE: WATERBORNE DISALLOWANCE PROSPECTIVELY REFLECTED AS AN ADJUSTMENT TO REVENUE PER FPSC STAFF REQUEST BEGINNING JANUARY 2007.