

State of Florida



RECEIVED-FPSC

09 MAY 19 PM 3:21

COMMISSION
CLERK

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-

DATE: May 18, 2009
TO: Kaley Giles, Regulatory Analyst II, Division of Economic Regulation
FROM: Dale N. Mailhot, Assistant Director, Division of Regulatory Compliance *DM*
RE: Docket No: 090001-EI; Company Name: Tampa Electric Company;
Audit Purpose: Capacity Cost Recovery Clause; Company Code: EI801;
Audit Control No: 09-041-2-2;

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.

DNM/tbm

Attachment: Audit Report

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

Mr. Paul Lewis, Jr.
Progress Energy Florida, Inc.
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740

Mr. John T. Burnett
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042

DOCUMENT NUMBER-DATE

04942 MAY 19 8

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF REGULATORY COMPLIANCE
BUREAU OF AUDITING

Tampa District Office

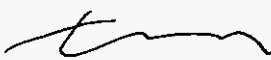
TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE

AS OF DECEMBER 31, 2008

DOCKET NO. 090001-EI
AUDIT CONTROL NO. 09-041-2-2



Ron Mavrides, Audit Manager



Tomer Kopelovich, Audit Reviewer

DOCUMENT NUMBER-DATE

04942 MAY 19 8

FPSC-COMMISSION CLERK

TABLE OF CONTENTS

AUDITOR'S REPORT	PAGE
I. PURPOSE.....	1
II. OBJECTIVES AND PROCEDURES	2
III. EXHIBITS	
FINAL TRUE-UP AS OF DECEMBER 31, 2008	4
MONTHLY CALCULATION OF TRUE-UP	5
MONTHLY CALCULATION OF INTEREST PROVISION	6

**DIVISION OF REGULATORY COMPLIANCE
AUDITOR'S REPORT**

MAY 8, 2009

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have performed the procedures described later in this report to meet the agreed upon objectives set forth by the *Division of Economic Regulation* in its audit service request dated February 10, 2009. We have applied these procedures to the attached schedules prepared by Tampa Electric Company in support of its filing for Capacity Cost Recovery Clause relief in Docket No. 090001-EI.

This audit was 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 only for *internal Commission* use.

OBJECTIVES AND PROCEDURES

CAPACITY REVENUES

Objective: Reconcile the Capacity Cost Recovery Clause CCRC revenues in the filing to the company's revenue reports and verify that the billing rates used to calculate and collect CCRC revenues agree to Commission orders in the company's last proceedings.

Procedures: We compiled the company's CCRC revenues and agreed them to the filing by recalculating monthly CCRC revenues using the rate factors approved in the company's last proceeding and its kilowatt hour (KWH) sales. We recalculated a sample of customers' bills for various rate classes to verify that the appropriate rate factors were applied. We verified that transmission revenues derived from non-separated, non-Energy Broker and wholesale sales were properly credited against revenues as required in Commission orders.

CAPACITY COST

Objective: Reconcile the CCRC cost in the filing to the company's books and records and insure that the requested cost recovery amounts are supported by adequate source documentation.

Procedures: We prepared a schedule of net jurisdictional capacity cost charges and sales revenues from company provided documents to verify the amounts reflected in the filing, which was reconciled to the company's general ledger. We sampled capacity purchased power contracts and sampled capacity purchase payments to verify that the company was in compliance with individual contract terms and that the payments were properly recorded to the general ledger. We verified that the security cost included in CCRC cost was incremental to the security cost in base rates as required in Commission order.

CAPACITY TRUE-UP

Objective: Verify that the CCRC true up and interest provisions are calculated correctly based on Commission rules.

Procedures: We recalculated the company's final true up and interest provision as of December 31, 2008, using the Commission approved interest rates and the beginning recoverable true up balance and jurisdictional separation factors approved in the company's last proceeding.

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP VARIANCES
FOR THE PERIOD JANUARY 2008 THROUGH DECEMBER 2008

	(1)	(2)	(3)	(4)
	ACTUAL	ACTUAL/ ESTIMATED	VARIANCE (1) - (2)	% CHANGE (3)/(2)
1 UNIT POWER CAPACITY CHARGES	\$20,451,804	\$50,217,186	(\$29,765,382)	-59.27%
2 CAPACITY PAYMENTS TO COGENERATORS	24,922,538	25,651,458	(728,920)	-2.84%
3 SCHEDULE J & D CAPACITY CHARGES	37,478,023	0	37,478,023	0.00%
4 INCREMENTAL SECURITY O&M COSTS	2,202,569	2,279,759	(77,190)	-3.00%
5 (CAPACITY REVENUES)	(1,174,915)	(988,911)	(186,004)	18.81%
6 TOTAL CAPACITY DOLLARS	\$83,880,019	\$77,159,492	\$6,720,527	8.71%
7 JURISDICTIONAL PERCENTAGE	96.66743%	96.66743%	0.00000%	0.00%
8 JURISDICTIONAL CAPACITY DOLLARS	\$81,084,658	\$74,588,094	\$6,496,564	8.71%
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	81,036,531	82,966,032	(1,949,501)	-2.35%
10 PRIOR PERIOD TRUE-UP PROVISION	(23,796,584)	(23,796,584)	0	0.00%
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	\$57,239,947	\$59,189,448	(\$1,949,501)	-3.29%
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 8)	(\$23,844,711)	(\$15,398,646)	(\$8,446,065)	54.85%
13 INTEREST PROVISION FOR PERIOD	(782,876)	(703,775)	(79,101)	11.24%
14 INTEREST ADJUSTMENT FOR PRIOR PERIODS	0	0	0	0.00%
15 INTEREST ADJUSTMENT	0	0	0	0.00%
16 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER/(UNDER) RECOVERY	(27,523,105)	(27,523,105)	(0)	0.00%
17 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	23,796,584	23,796,584	0	0.00%
18 END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 12 - 17)	(\$28,354,108)	(\$19,828,942)	(\$8,525,166)	42.96%

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2008 THROUGH DECEMBER 2008

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total
1 UNIT POWER CAPACITY CHARGES	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	1,704,317	20,451,804
2 CAPACITY PAYMENTS TO COGENERATORS	2,042,983	2,035,345	2,035,180	2,085,990	2,085,990	2,085,990	2,085,990	2,085,990	2,095,090	2,099,010	2,092,500	2,092,500	24,922,338
3 SCHEDULE J & D CAPACITY CHARGES	3,465,538	3,394,853	3,495,406	3,216,711	3,244,387	1,973,810	1,938,198	1,928,472	3,773,390	3,699,107	3,735,392	3,723,192	37,478,023
4 INCREMENTAL SECURITY O&M COSTS	87,025	57,355	205,899	117,895	160,517	289,567	194,575	117,982	186,454	189,821	353,403	282,336	2,202,599
5 (CAPACITY REVENUES)	(760,489)	(28,727)	(35,097)	(20,949)	(7,810)	6,729	(44,098)	(19,858)	(18,179)	(29,876)	(89,900)	(78,613)	(1,174,915)
6 TOTAL CAPACITY DOLLARS	6,539,394	7,162,943	7,405,894	7,103,964	7,187,381	6,060,213	5,878,970	5,816,875	7,721,072	7,482,179	7,795,832	7,725,732	83,880,019
7 JURISDICTIONAL PERCENTAGE	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743	0.9666743
8 JURISDICTIONAL CAPACITY DOLLARS	6,321,464	6,924,233	7,159,885	6,867,219	6,947,856	5,856,252	5,683,049	5,623,024	7,483,782	7,232,830	7,535,837	7,468,267	81,084,858
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	6,564,421	5,477,029	5,622,031	6,061,306	6,531,523	7,862,963	7,702,133	7,785,010	8,338,021	7,238,771	6,858,922	5,968,374	81,038,531
10 PRIOR PERIOD TRUE-UP PROVISION	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(1,983,049)	(23,795,564)
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	4,581,372	3,493,977	3,638,982	4,078,257	4,548,474	5,909,914	5,719,084	5,781,961	6,354,972	5,255,722	4,875,873	3,985,329	57,239,947
12 TRUE-UP PROVISION FOR PERIOD OVER(UUNDER) RECOVERY (Line 11 - Line 8)	(1,740,092)	(3,430,256)	(3,519,883)	(2,768,962)	(2,399,382)	51,862	36,035	158,937	(1,108,790)	(1,977,108)	(3,061,964)	(3,484,938)	(23,644,711)
13 INTEREST PROVISION FOR PERIOD	(82,049)	(72,209)	(70,591)	(70,434)	(89,440)	(62,572)	(58,873)	(54,749)	(78,184)	(82,324)	(47,991)	(23,443)	(782,879)
14 INTEREST ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
15 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER(UUNDER) RECOVERY	(27,523,105)	(27,372,217)	(28,891,830)	(30,499,035)	(31,355,402)	(31,841,175)	(29,869,006)	(27,908,795)	(25,821,566)	(23,025,483)	(25,101,866)	(26,828,772)	(27,523,105)
16 PRIOR PERIOD TRUE-UP PROVISION COLLECTED(REFUNDED) THIS PERIOD	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	1,983,049	23,795,564
17 END OF PERIOD TRUE-UP - OVER(UUNDER) RECOVERY (SUM OF LINES 12 - 16)	(27,372,217)	(28,891,830)	(30,499,055)	(31,355,402)	(31,841,175)	(29,869,006)	(27,908,795)	(25,821,558)	(23,025,483)	(25,101,866)	(26,828,772)	(28,354,108)	(28,354,108)

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2008 THROUGH DECEMBER 2008

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total
1 BEGINNING TRUE-UP AMOUNT	(27,523,105)	(27,372,217)	(28,891,530)	(30,486,045)	(31,355,402)	(31,841,176)	(29,869,008)	(27,908,795)	(25,821,558)	(25,025,453)	(25,101,896)	(26,828,772)	(27,523,105)
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(27,280,148)	(28,819,424)	(30,428,484)	(31,284,968)	(31,771,735)	(29,806,434)	(27,849,922)	(25,786,809)	(24,947,299)	(23,019,547)	(26,780,781)	(28,330,865)	(27,571,232)
3 TOTAL BEGINNING & ENDING TRUE-UP AMT. (LINE 1 + LINE 2)	(54,803,253)	(56,191,641)	(59,320,064)	(61,764,023)	(63,127,137)	(61,647,609)	(57,718,928)	(53,675,604)	(50,788,857)	(50,045,025)	(51,882,647)	(55,169,437)	(55,094,337)
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(27,401,627)	(28,095,821)	(29,660,047)	(30,882,012)	(31,563,569)	(30,823,805)	(28,859,484)	(26,837,802)	(25,394,429)	(25,022,513)	(25,941,324)	(27,579,719)	(27,547,169)
5 INTEREST RATE % - 1ST DAY OF MONTH	4.950	3.080	3.090	2.830	2.840	2.430	2.450	2.440	2.450	4.950	2.950	1.490	NA
6 INTEREST RATE % - 1ST DAY OF NEXT MONTH	3.060	3.090	2.830	2.840	2.430	2.450	2.440	2.450	4.930	2.950	1.490	0.540	NA
7 TOTAL (LINE 5 + LINE 6)	8.050	6.170	5.720	5.470	5.270	4.880	4.890	4.890	7.400	7.900	4.440	2.030	NA
8 AVERAGE INTEREST RATE % (50% OF LINE 7)	4.030	3.085	2.860	2.735	2.835	2.440	2.445	2.445	3.700	3.950	2.220	1.015	NA
9 MONTHLY AVERAGE INTEREST RATE % (LINE 8/12)	0.336	0.257	0.238	0.228	0.220	0.203	0.204	0.204	0.308	0.329	0.185	0.085	NA
10 INTEREST PROVISION (LINE 4 X LINE 9)	(92,069)	(72,208)	(70,591)	(70,434)	(69,440)	(62,372)	(58,673)	(54,749)	(78,184)	(82,324)	(47,991)	(23,443)	(782,876)