



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 5, 2010

TO: Kenneth Franklin, Regulatory Analyst II, Division of Economic Regulation

FROM: Clarence Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CP*

RE: Docket No.: 100001-EI
 Company Name: Tampa Electric Company
 Company Code: EI806
 Audit Purpose: Fuel Cost Recovery Clause
 Audit Control No: 10-004-2-2

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 Commission Clerk. There were no confidential work papers associated with this audit.

CP/ip
Attachment: Audit Report

cc: (With Attachment)
Office of Auditing and Performance Analysis (Mailhot, File Folder)
Office of Commission Clerk
Office of the General Counsel

(Without Attachment)
Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

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FLORIDA PUBLIC SERVICE COMMISSION

*OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
BUREAU OF AUDITING*

TAMPA DISTRICT OFFICE

TAMPA ELECTRIC COMPANY

FUEL ADJUSTMENT CLAUSE AUDIT

HISTORICAL YEAR ENDED DECEMBER 31, 2009

DOCKET NO. 100001-EI

AUDIT CONTROL NO. 10-004-2-2

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Tomer Kopelovich, Audit Manager

A handwritten signature in cursive script, appearing to read "Clarence Prestwood", positioned above a horizontal line.

Clarence Prestwood, Chief of Auditing

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OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
AUDITOR'S REPORT

April 21, 2010

TO: FLORIDA PUBLIC SERVICE COMMISSION

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 power costs recovery, Docket 100001-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 intended only for internal Commission use.

OBJECTIVES AND PROCEDURES:

Objective: Verify the accuracy of recoverable revenues recorded in the FAC filing.

Procedures: Using KWHs for recoverable sales and Commission approved FAC rates, we recalculated 2009 FAC revenues billed. We compared this balance to the FAC filing. We recalculated the fuel charge for customer bills selected from various rate classes and determined that the company used the correct rates approved by the Commission. Staff's calculation agrees with the company calculation.

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 reconciled total purchases from Form 423 to the net activity recorded in the Fuel Stock Reports and from the Fuel Stock Reports to Schedule A-5. We also traced selected invoices to the Fuel Stock report.

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

Objective: Review and verify payments made under new waterborne and rail coal transportation contracts.

Procedures: We reviewed the amounts paid for waterborne and rail coal transportation by testing invoices and tracing the amounts to the contracts.

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.

- 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: We traced amounts from Power sales to invoices. We determined that both fuel and O&M costs 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. We determined that no O&M costs 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 March, June and September 2009 with 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 two months 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.

Objective: To verify that True-Up and Interest were properly calculated.

Procedures: We recomputed the 2009 FAC True-Up and Interest using the approved recoverable True-Up amount per Commission Order PSC-08-0824-FOF-EI and 30-day commercial paper interest rates. No differences were noted.

COMPARISON OF ESTIMATED AND ACTUAL
FUEL AND PURCHASED POWER COST RECOVERY FACTOR
TAMPA ELECTRIC COMPANY
PERIOD TO DATE THROUGH: DECEMBER 2009

	\$		DIFFERENCE		MWH		DIFFERENCE		CENTS/KWH		DIFFERENCE	
	ACTUAL	ESTIMATED	AMOUNT	%	ACTUAL	ESTIMATED	AMOUNT	%	ACTUAL	ESTIMATED	AMOUNT	%
1. Fuel Cost of System Net Generation (A3)	834,567,214	961,598,736	(127,031,522)	-13.2%	18,338,731	19,873,232	(1,534,501)	-7.7%	4.55084	4.83866	(0.28782)	-5.9%
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 (Ft.Meade/Wauch. Wheeling Losses)	(73,520)	(72,618)	(902)	1.2%	18,338,731 (a)	19,873,232 (a)	(1,534,501)	-7.7%	(0.00040)	(0.00037)	(0.00004)	9.7%
4b. Adjustments to Fuel Cost	0	0	0	0.0%	18,338,731	19,873,232 (a)	(1,534,501)	-7.7%	0.00000	0.00000	0.00000	0.0%
4c. Adjustments to Fuel Cost	0	0	0	0.0%	18,338,731 (a)	19,873,232 (a)	(1,534,501)	-7.7%	0.00000	0.00000	0.00000	0.0%
5. TOTAL COST OF GENERATED POWER (Lines 1 through 4c)	834,493,694	961,526,118	(127,032,424)	-13.2%	18,338,731	19,873,232	(1,534,501)	-7.7%	4.55044	4.83830	(0.28785)	-5.9%
6. Fuel Cost of Purchased Power - Firm (A7)	40,379,619	52,467,010	(12,087,391)	-23.0%	716,894	825,571	(108,677)	-13.2%	5.63258	6.35524	(0.72266)	-11.4%
7. Energy Cost of Sch C,X Econ. Purch. (Broker) (A8)	23,247,297	10,575,179	12,672,118	119.8%	475,660	242,790	232,870	95.9%	4.88738	4.35569	0.53169	12.2%
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 (A8)	20,545,784	41,553,430	(21,007,646)	-50.6%	674,996	984,292	(309,296)	-31.4%	3.04384	4.22166	(1.17782)	-27.9%
12. TOTAL COST OF PURCHASED POWER (Lines 6 through 11)	84,172,700	104,595,619	(20,422,919)	-19.5%	1,867,550	2,052,653	(185,103)	-9.0%	4.50712	5.09563	(0.58851)	-11.5%
13. TOTAL AVAILABLE KWH (LINE 5 + LINE 12)					20,206,281	21,925,885	(1,719,604)	-7.8%				
14. Fuel Cost of Sch. D Jurisd. Sales (A6)	385,334	801,020	(415,686)	-51.9%	13,816	17,446	(3,630)	-20.8%	2.78904	4.59142	(1.80238)	-39.3%
15. Fuel Cost of Sch. OATT 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 (A6)	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
17. Fuel Cost of Market Base Sales (A6)	8,429,998	14,464,868	(6,034,870)	-41.7%	240,131	300,893	(60,762)	-20.2%	3.51058	4.80731	(1.29673)	-27.0%
18. Fuel Cost of Sch. MA/BO Sales (A6)	29,988	0	29,988	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
19. Gains on Market Based Sales	3,042,279	5,210,304	(2,168,025)	-41.6%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
20. TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 14 + 15 + 16 + 17 + 18 + 19)	11,887,599	20,476,192	(8,588,593)	-41.9%	253,947	318,339	(64,392)	-20.2%	4.68113	6.43220	(1.75106)	-27.2%
21. Net Inadvertant Interchange					(274)	(458)	184	-40.2%				
22. Wheeling Rec'd. less Wheeling Del'vd.					34,547	3,253	31,294	962.0%				
23. Interchange and Wheeling Losses					37,779	4,784	32,995	689.7%				
24. TOTAL FUEL AND NET POWER TRANSACTIONS (LINE 5 + 12 - 20 + 21 + 22 - 23)	906,778,795	#####	(138,866,750)	-13.3%	19,948,828	21,605,557	(1,656,729)	-7.7%	4.54552	4.83971	(0.29418)	-6.1%
25. Net Unbilled	6,608,361 (a)	5,485,900 (a)	1,122,461	20.5%	115,747	108,100	7,647	7.1%	5.70932	5.07484	0.63448	12.5%
26. Company Use	1,631,803 (a)	1,738,810 (a)	(107,007)	-6.2%	35,847	35,950	(103)	-0.3%	4.55213	4.83675	(0.28461)	-5.9%
27. T & D Losses	37,882,423 (a)	46,805,790 (a)	(8,923,367)	-19.1%	838,732	969,193	(130,461)	-13.5%	4.51663	4.82936	(0.31273)	-6.5%
28. System KWH Sales	906,778,795	#####	(138,866,750)	-13.3%	18,958,502	20,492,314	(1,533,812)	-7.5%	4.78297	5.10262	(0.31966)	-6.3%
29. Wholesale KWH Sales	(9,029,333)	(36,702,572)	27,673,239	-75.4%	(186,332)	(720,940)	534,568	-74.1%	4.84479	5.09093	(0.24614)	-4.8%
30. Jurisdictional KWH Sales	897,749,462	#####	(111,193,511)	-11.0%	18,772,130	19,771,374	(999,244)	-5.1%	4.78235	5.10305	(0.32070)	-6.3%
31. Jurisdictional Loss Multiplier									1.00136	1.00136	0.00000	0.0%
32. Jurisdictional KWH Sales Adjusted for Line Losses	898,970,398	#####	(111,344,738)	-11.0%	18,772,130	19,771,374	(999,244)	-5.1%	4.78886	5.10999	(0.32113)	-6.3%
33. Other	0	0	0	0.0%	18,772,130	19,771,374	(999,244)	-5.1%	0.00000	0.00000	0.00000	0.0%
34. Final 2008 True Up Refund	(35,402,527)	(35,402,527)	0	0.0%	18,772,130	19,771,374	(999,244)	-5.1%	(0.18859)	(0.17906)	(0.00953)	5.3%
35. Other	0	0	0	0.0%	18,772,130	19,771,374	(999,244)	-5.1%	0.00000	0.00000	0.00000	0.0%
36. True-up *	132,882,938	132,882,938	0	0.0%	18,772,130	19,771,374	(999,244)	-5.1%	0.70787	0.67210	0.03578	5.3%
37. Total Jurisdictional Fuel Cost (Excl. GPIF)	996,450,809	#####	(111,344,738)	-10.1%	18,772,130	19,771,374	(999,244)	-5.1%	5.30814	5.60303	(0.29489)	-5.3%
38. Revenue Tax Factor									1.00072	1.00072	0.00000	0.0%
39. Fuel Cost Adjusted for Taxes (Excl. GPIF)	997,168,253	#####	(111,424,907)	-10.1%	18,772,130	19,771,374	(999,244)	-5.1%	5.31196	5.60706	(0.29510)	-5.3%
40. GPIF * (Already Adjusted for Taxes)	(849,634)	(849,634)	0	0.0%	18,772,130	19,771,374	(999,244)	-5.1%	(0.00453)	(0.00430)	(0.00023)	5.3%
41. Fuel Cost Adjusted for Taxes (Incl. GPIF)	996,318,619	#####	(111,424,907)	-10.1%	18,772,130	19,771,374	(999,244)	-5.1%	5.30743	5.60276	(0.29533)	-5.3%
42. Fuel FAC Rounded to the Nearest .001 cents per KWH									5.307	5.603	(0.296)	-5.3%

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

CALCULATION OF TRUE-UP AND INTEREST PROVISION
TAMPA ELECTRIC COMPANY
MONTH OF: DECEMBER 2009

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
C. TRUE-UP CALCULATION								
1. JURISDICTIONAL FUEL REVENUE	68,329,712	78,415,947	(10,086,235)	-12.9%	1,054,823,470	1,107,105,002	(52,281,532)	-4.7%
2. FUEL ADJUSTMENT NOT APPLICABLE	0	0	0	0.0%	0	0	0	0.0%
2a. TRUE-UP PROVISION	(11,073,580)	(11,073,580)	0	0.0%	(132,882,938)	(132,882,938)	0	0.0%
2b. INCENTIVE PROVISION	70,801	70,801	0	0.0%	849,634	849,634	0	0.0%
2c. TRANSITION ADJUSTMENT	0	0	0	0.0%	0	0	0	0.0%
2d. FINAL 2008 TRUE UP REFUND	4,425,315	4,425,315	0	0.0%	35,402,527	35,402,527	0	0.0%
3. JURIS. FUEL REVENUE APPL. TO PERIOD	<u>61,752,248</u>	<u>71,838,483</u>	<u>(10,086,235)</u>	<u>-14.0%</u>	<u>958,192,693</u>	<u>1,010,474,225</u>	<u>(52,281,532)</u>	<u>-5.2%</u>
4. ADJ. TOTAL FUEL & NET PWR. TRANS. (LINE A7)	66,995,251	84,498,308	(17,503,057)	-20.7%	906,778,795	1,045,645,545	(138,866,750)	-13.3%
5. JURISDIC. SALES- % TOTAL MWH SALES (LINE B4)	0.9929805	0.9697797	0.0232008	2.4%	-	-	-	0.0%
6. JURISDIC. TOTAL FUEL & NET PWR.TRANS.	66,524,978	81,944,744	(15,419,766)	-18.8%	897,749,462	1,008,942,973	(111,193,511)	-11.0%
6a. JURISDIC. LOSS MULTIPLIER	1.00136	1.00136	0.00000	0.0%	-	-	-	0.0%
6b. (LINE C6 x LINE C6a)	66,615,452	82,056,189	(15,440,737)	-18.8%	898,970,398	1,010,315,136	(111,344,738)	-11.0%
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. OTHER	0	0	0	0.0%	0	0	0	0.0%
6g. JURISDIC. TOTAL FUEL & NET PWR INCL. ALL ADJ.(LNS. C6b+C6d+C6e+C6f)	<u>66,615,452</u>	<u>82,056,189</u>	<u>(15,440,737)</u>	<u>-18.8%</u>	<u>898,970,398</u>	<u>1,010,315,136</u>	<u>(111,344,738)</u>	<u>-11.0%</u>
7. TRUE-UP PROV. FOR MO. +/- COLLECTED (LINE C3 - LINE C6g)	(4,863,204)	(10,217,706)	5,354,502	-52.4%	59,222,295	159,089	59,063,206	37125.9%
8. INTEREST PROVISION FOR THE MONTH	9,898	1,466	8,432	575.2%	(97,307)	(176,213)	78,906	-44.8%
9. TRUE-UP & INT. PROV. BEG. OF MONTH	57,330,029	3,550,851	53,779,178	1514.5%	NOT APPLICABLE			
10. TRUE-UP COLLECTED (REFUNDED)	6,648,265	6,648,265	0	0.0%	NOT APPLICABLE			
11. END OF PERIOD TOTAL NET TRUE-UP (LINE C7 through C10)	<u>59,124,988</u>	<u>(17,124)</u>	<u>59,142,112</u>	<u>-345375.6%</u>	NOT APPLICABLE			

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