

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:** June 1, 2012  
**TO:** Office of Commission Clerk  
**FROM:** Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 120001-EI  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: A3a Fuel Cost Recovery Clause  
Audit Control No: 12-013-2-1

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

CJP/klh

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

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State of Florida



**Public Service Commission**

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Bureau of Auditing  
Tampa District Office

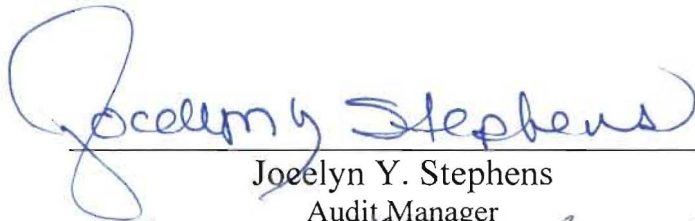
**Auditor's Report**

Tampa Electric Company  
Fuel and Purchased Power Cost Recovery Clause

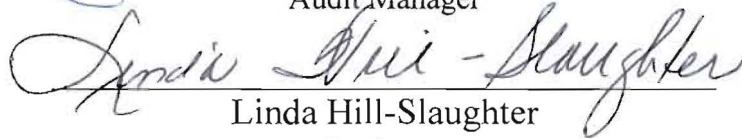
**Twelve Months Ended December 31, 2011**

Docket No. 120001-EI  
Audit Control No. 12-013-2-1

**May 22, 2012**



Joelynn Y. Stephens  
Audit Manager



Linda Hill-Slaughter  
Reviewer

## Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	6
Exhibit	
1: True-Up.....	7

## Purpose

To: Florida Public Service Commission

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 January 13, 2012. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2011 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 120001-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definition

Utility refers to the Tampa Electric Company.

FAC refers to the Fuel and Purchased Power Cost Recovery Clause.

### **Revenues**

#### Operating Revenues

**Objectives:** The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2011, through December 31, 2011, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the FAC.

**Procedures:** We reconciled the 2011 revenues from the FAC filing to the General Ledger. We selected a random sample of residential and commercial customers' bills for the month of November 2011 and recalculated each to verify use of the correct tariff rate as listed by Order No. PSC-10-0734-FOF-EI. No exceptions were noted.

### **Expenses**

#### Recoverable Expenses

**Objective:** The objective was to review the expenses which the Utility has included in the FAC to ensure those expenses were properly recoverable through the FAC per Commission Order No. 14546, in Docket No. 850001-EI-B, issued July 8, 1985.

**Procedures:** We selected 11 vendors whose sales to the Utility totaled 59% of all inventorial fuels costs for the 13-month period January 1, 2011, through January 31, 2012. We traced all voucher payments to vendor invoices. We traced the costs components of the invoices to the Utility's contractual agreements with those vendors. We verified that all amounts expensed were from inventorial costs. We determined that the items expensed complied with the requirements of Commission Order No. 14546. No exceptions were noted.

**Objective:** The objective was to verify that generation-related gains derived from non-separated wholesale energy sales were credited 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 recalculated generation related gains from the FAC Schedule A6 to ensure the Utility complied with Commission Order. No exceptions were noted.

**Objective:** The objective was to verify that energy payments to qualifying facilities are based on the appropriate standard offer or negotiated contract rate.

**Procedures:** We prepared a schedule to accumulate total monthly Megawatt Hours (MWH) and total monthly fuel purchases for 2011 as shown on Schedule A8 - Energy Payments to Qualifying Facilities. We reconciled the MWH purchased to the monthly billing detail and traced to supporting invoices for the months of April, October and December 2011. No exceptions were noted.

**Objective:** The objective was to verify that Firm Transportation Service (FTS) charges for natural gas transportation agree with the appropriate FTS rate schedules from pipeline company tariffs.

**Procedure:** We traced FTS charges for natural gas transportation invoices to the appropriate FTS rate schedules from the pipeline company tariffs. No exceptions were noted.

**Objective:** The objective was to determine the amounts of gas storage expense recovered through the fuel clause by the gas storage facility for 2011.

**Procedures:** We determined that the Utility uses one gas storage facility – Bay Gas Storage Co., LTD. We traced the amounts recorded in the fuel ledger to the vendor invoices. We verified that the MMBtu's and unit costs charged by the vendor complied with the terms of the contract. No exceptions were noted.

## **Inventory Cost**

**Objective:** The objective was to review and verify payments made under the new waterborne and rail transportation contracts.

**Procedures:** We determined the transport carriers for coal delivered to and from the coal terminals and to the plant locations for 2011. We reviewed the contracts for these coal transport vendors. We traced the escalated transportation contractual rates to vendor invoices for barge, river and rail transport. We traced tonnage transported by the carriers to the tonnage sold by the coal and pet coke suppliers. No exceptions were noted.

**Objective:** The objective was to verify that the Utility had credited vendor rebates and refunds to its recoverable fuel costs.

**Procedures:** We obtained the 2011 Fuel Ledger. Using the descriptive titles in the ledger, we extracted all posted line items for billing adjustments. Using our analysis schedules for those coal and natural gas vendors that we selected for examination, we traced all 2011 invoiced billing adjustments back to the fuel ledger extraction. No exceptions were noted.

**Objective:** The objective was to verify that any adjustments to coal inventory, due to differences between the book inventory and the semi-annual coal inventory survey, have been recorded 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 February and August 2011 aerial survey calculations and recorded adjustments to determine compliance with Commission Order. No exceptions were noted.

**Objective:** The objective was to reconcile coal and oil purchases as shown on monthly FPSC Form 423 to the Schedule A5, the general ledger, contractual obligations, and source documents.

**Procedures:** We traced purchases recorded on Schedule A5 to the fuel ledger. We reconciled tonnage and unit costs shown on Schedule A5 to the applicable vendor invoices. We verified that the units and unit costs, per the invoices, complied with the contractual obligations. No exceptions were noted.

## **Energy Issues**

**Objectives:** The objectives were to reconcile heat rates as shown on the monthly Schedule A4 for the Generating Performance Incentive Factors (GPIF) units to the annual GPIF filing and to source documents, and to trace any differences to a source document.

**Procedures:** We compared the average net heat rate for each plant reported to the January 2011 Actual Unit Performance Data Reports. We traced the net generation in MWH to Schedule A4. Several exceptions were noted for the Big Bend Units 2 & 4 for the month of January 2011. The differences did not impact the accuracy of the GPIF calculation.

**Objectives:** The objectives were to reconcile service hours, reserve shutdown hours and unavailable hours for GPIF units as shown on annual GPIF filings with source documents and trace differences to source documents.

**Procedures:** We obtained the Actual Unit Performance Data Forms for January-December 2011 from the final GPIF filing. Using the Generating Availability Data System (GADS) data for Big Bend 1, Polk 1 and Bayside Unit 1, we reconciled the service, shutdown and unavailable hours to the Unit Report Data Forms for the months of August, October, November and December 2011. No exceptions were noted.

## **True-Up**

**Objective:** The objective was to determine if the True-Up and Interest Provision as filed on Schedule A2 was properly calculated.

**Procedures:** We traced the December 31, 2010, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2011, using the Commission approved beginning balance as of December 31, 2010, the Financial Commercial Paper rates, and the 2011 FAC revenues and costs. No exceptions were noted.



Audit Findings

**None**

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
TAMPA ELECTRIC COMPANY  
MONTH OF: DECEMBER 2011

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
<b>A. FUEL COST &amp; NET POWER TRANSACTION</b>								
1. FUEL COST OF SYSTEM NET GENERATION	52,214,446	61,398,733	(9,184,287)	-15.0%	737,803,519	809,526,620	(71,723,101)	-8.9%
1a. FUEL REL. R & D AND DEMO COST	0	0	0	0.0%	0	0	0	0.0%
2. FUEL COST OF POWER SOLD	348,532	761,285	(412,753)	-54.2%	9,483,896	5,326,213	1,155,583	13.9%
2a. GAINS FROM SALES	88,002	72,125	13,877	19.2%	902,387	771,837	130,750	16.9%
3. FUEL COST OF PURCHASED POWER	2,107,600	2,505,450	(197,890)	-8.8%	37,138,533	25,521,780	11,616,773	45.5%
3a. DEMAND & NONFUEL COST OF PUR. PWR	0	0	0	0.0%	0	0	0	0.0%
3b. PAYMENT TO QUALIFIED FACILITIES	974,267	2,271,570	(1,297,303)	-57.1%	13,863,485	30,022,870	(16,350,355)	-54.5%
4. ENERGY COST OF ECONOMY PURCHASES	210,781	2,022,450	(1,811,659)	-89.5%	16,017,652	13,530,260	2,487,632	18.4%
5. TOTAL FUEL & NET POWER TRANSACTION	55,072,560	67,164,833	(12,092,273)	-18.0%	794,237,146	869,501,590	(75,264,414)	-8.7%
6a. ADJUSTMENTS TO FUEL COST (MANUCHULA WHEELING LOSSES)	0	(6,000)	6,000	-100.0%	(7,983)	(72,000)	64,017	-68.9%
6b. ADJ. TO FUEL COST	0	0	0	0.0%	0	0	0	0.0%
7. ADJUSTED TOTAL FUEL & NET PWR TRANS	55,072,560	67,158,833	(12,086,273)	-18.0%	794,229,163	869,429,590	(75,200,397)	-8.8%
<b>B. MWH SALES</b>								
1. JURISDICTIONAL SALES	1,304,254	1,426,669	(122,415)	-8.6%	18,563,569	19,526,613	(360,044)	-1.9%
2. NONJURISDICTIONAL SALES	2,775	10,958	(8,183)	-74.7%	91,540	162,824	(71,084)	-43.7%
3. TOTAL SALES	1,307,029	1,437,627	(130,598)	-9.1%	18,655,109	19,689,437	(434,128)	-2.3%
4. JURISDIC. SALES-% TOTAL MWH SALES	0.9978769	0.9923774	0.0054995	0.5%	0.9950930	0.9614809	0.0036121	0.4%

Exhibit

Exhibit 1: True-Up

7

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
TAMPA ELECTRIC COMPANY  
MONTH OF: DECEMBER 2011

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
<b>C. TRUE-UP CALCULATION</b>								
1. JURISDICTIONAL FUEL REVENUE	53,939,686	59,482,206	(5,542,522)	-9.3%	780,358,438	797,552,404	(17,193,966)	-2.2%
2. FUEL ADJUSTMENT NOT APPLICABLE	0	0	0	0.0%	0	0	0	0.0%
2a. TRUE-UP PROVISION	5,590,657	5,590,657	(0)	0.0%	67,087,873	67,087,873	(0)	0.0%
2b. INCENTIVE PROVISION	(152,574)	(152,574)	0	0.0%	(1,830,855)	(1,830,855)	0	0.0%
2c. ADJUSTMENT	0	0	0	0.0%	0	0	0	0.0%
3. JURIS. FUEL REVENUE APPL. TO PERIOD	59,377,789	64,920,291	(5,542,522)	-8.5%	845,615,456	882,809,423	(17,193,967)	-2.0%
4. ADJ. TOTAL FUEL & NET PWR. TRANS. (LINE A7)	55,072,560	67,158,833	(12,086,273)	-18.0%	794,229,163	869,429,560	(75,200,397)	-8.6%
5. JURISDI. SALES- % TOTAL MWH SALES (LINE B4)	0.9978769	0.9973774	0.0054995	0.6%	-	-	-	0.0%
6. JURISDI. TOTAL FUEL & NET PWR. TRANS	54,955,835	66,846,908	(11,891,273)	-17.5%	790,312,034	882,113,121	(71,801,087)	-8.3%
6a. JURISDI. LOSS MULTIPLIER	1.00098	1.00098	(0.00000)	0.0%	-	-	-	0.0%
6b. (LINE C6 x LINE C6a)	55,009,492	66,712,353	(11,702,861)	-17.5%	791,086,539	882,959,687	(71,873,148)	-8.3%
6c. OTHER	0	0	0	0.0%	0	0	0	0.0%
6d. JURISDI. TOTAL FUEL & NET PWR INCL. ALL ADJ. (LNS C6b+C6c)	55,009,492	66,712,353	(11,702,861)	-17.5%	791,086,539	882,959,687	(71,873,148)	-8.3%
7. TRUE-UP PROV. FOR MO +/- COLLECTED (LINE C3 - LINE C6d)	4,368,277	(1,792,062)	6,160,339	-343.8%	54,528,917	(150,264)	54,679,181	-36389.7%
7a. REVENUE REFUND TRUE-UP ADJUSTMENT	0	0	0	0.0%	231	0	231	0.0%
7b. ADJUSTMENT	0	0	0	0.0%	(31,048)	0	(31,048)	0.0%
8. INTEREST PROVISION FOR THE MONTH	3,015	1,104	1,911	173.1%	113,810	140,283	(26,473)	-18.9%
9. TRUE-UP & INT. PROV. BEG. OF MONTH	60,918,266	7,371,634	53,546,632	726.4%	NOT APPLICABLE			
10. TRUE-UP COLLECTED (REFUNDED)	(5,590,657)	(5,590,657)	0	0.0%	NOT APPLICABLE			
11. END OF PERIOD TOTAL NET TRUE-UP (LINE C7 through C10)	59,698,901	(9,381)	59,708,282	-598230.2%	NOT APPLICABLE			

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