

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-

DATE: May 1, 2013
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 130001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3a Fuel Cost Recovery Clause
Audit Control No.: 13-016-2-2

RECEIVED-FPSC
13 APR 31 PM 1:14
COMMISSION CLERK

Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of 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.

LD/th

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER DATE

02377 MAY-1 2013

FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Tampa Electric Company
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2012

Docket No. 130001-EI
Audit Control No. 13-016-2-2
April 29, 2013

A handwritten signature in black ink, appearing to read "Simon O. Ojada".

Simon O. Ojada
Audit Manager

A handwritten signature in black ink, appearing to read "Linda Hill-Slaughter".

Linda Hill-Slaughter
Reviewer

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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 Accounting and Finance in its audit service request dated January 16, 2013. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2012 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 130001-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

Definitions

Utility refers to the Tampa Electric Company.

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

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2012, through December 31, 2012, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the FAC.

Procedures: Using revenues as reported on the monthly filed True-Up and Interest Provision, FAC Schedule A2, we applied the revenue tax factor of 1.00072 and compared the result to the monthly fuel revenue per the general ledger. We traced fuel revenue by rate class for January - December 2012 to the fuel revenue Monthly Revenue Summary Report for 2012. No exceptions were noted. A random sample of residential and commercial customers' bills test was done in the Capacity Cost Recovery Clause audit in Docket No. 130001-EI., to verify that the correct tariff rate as listed by Order No. PSC-11-0579-FOF-EI was used.

Expense

Recoverable Expenses

Objectives: The objectives were to review the expenses which the Utility has included in the FAC and determine whether those expenses were properly recoverable as required by Commission Order No. 14546, issued July 8, 1985, in Docket No. 850001-EI-B.

Procedures: We reviewed and tested expenses in the fuel expense supporting schedules. We found those expenses examined complied with the standards set forth in Order No. 14546.

Objective: The objective was to determine whether generation-related gains derived from non-separated wholesale energy sales were credited to the FAC as set forth in Order No. PSC-00-1744-PAA-EI, issued September 26, 2000, in Docket No. 991779-EI.

Procedure: 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 determine whether 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 2012 as shown on Schedule A-8 - 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, July and October 2012. No exceptions were noted.

Objective: The objective was to determine whether 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 for the months of April, September and December 2012. No exceptions were noted.

Objective: The objective was to determine whether the amounts of gas storage expense recovered through the FAC for the gas storage facility for 2012 were calculated correctly and payments were in accordance with the applicable contracts..

Procedures: We determined the amounts of gas storage expense recovered through the FAC. We traced the amounts recorded in the fuel ledger to the vendor invoices.

Inventory Cost

Objectives: The objectives were to review and verify payments made under the new waterborne and rail transportation contracts.

Procedures: We determined the transport carriers for coal delivered to the coal terminals and to the plant locations for 2012. We obtained a list of payments the Utility made in 2012 under waterborne and rail transportation contracts. We obtained and reviewed two of the contracts from CSX Transportation and United Maritime. We judgmentally selected and tested invoices from both carriers. No exceptions were noted.

Objective: The objective was to determine whether vendor rebates and refunds were credited by the Utility to its recoverable fuel costs.

Procedures: We obtained a summary of all refunds and demurrages for the year 2012. We traced all refunds and demurrages to the Fuel Ledger. The refunds and demurrages were correctly credited to the FAC..

Objective: The objective was to determine whether 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, issued March 31, 1997, in Docket No. 970001-EI.

Procedures: We reviewed all documentation supporting February and August 2012 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 Florida Public Service Commission (FPSC) Form 423 to the Schedule A-5, the general ledger, contractual obligations, and source documents.

Procedures: We traced purchases recorded on Schedule A-5 to the fuel ledger. We reconciled tonnage and unit costs shown on Schedule A-5 to the applicable vendor invoices for three months. 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 service hours, reserve shutdown hours and unavailable hours for Generating Performance Incentive Factor (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 2012 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 hours, reserve shutdown hours and unavailable hours to the Unit Report Data Forms for the months of April, June, October and December 2012. No exceptions were noted.

True-up

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

Procedures: We traced the December 31, 2011, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2012, using the Commission approved beginning balance as of December 31, 2011, the Financial Commercial Paper rates, and the 2012 FAC revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's FAC Revenues and Expenses to determine if there were any material changes or inconsistencies from 2011.

Procedures: We compared 2012 to 2011 revenues and expenses. There were no material changes or inconsistencies from the prior year.

Audit Findings

None

Exhibits

Exhibit 1: Calculation of True-Up and Interest Provision

SCHEDULE A2
PAGE 1 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION
TAMPA ELECTRIC COMPANY
MONTH OF: December 2012

	CURRENT MONTH				PERIOD TO DATE				
	ACTUAL	ESTIMATED	DIFFERENCE		ACTUAL	ESTIMATED	DIFFERENCE		
			AMOUNT	%			AMOUNT	%	
A. FUEL COST & NET POWER TRANSACTION									
1. FUEL COST OF SYSTEM NET GENERATION	51,558,792	63,949,621	(12,390,829)	-19.4%	705,747,027	800,026,687	(94,279,660)	-11.8%	
1a. FUEL REL. R & D AND DEMO. COST	0	0	0	0.0%	0	0	0	0.0%	
2. FUEL COST OF POWER SOLD	124,958	806,627	(681,669)	-84.5%	6,680,320	7,414,883	(734,563)	-9.9%	
2a. GAINS FROM SALES	2,723	77,773	(75,050)	-96.5%	246,932	688,887	(441,955)	-64.2%	
3. FUEL COST OF PURCHASED POWER	2,341,228	388,280	1,952,948	503.0%	39,192,153	18,485,740	20,706,413	112.0%	
3a. DEMAND & NONFUEL COST OF PUR. PWR.	0	0	0	0.0%	0	0	0	0.0%	
3b. PAYMENT TO QUALIFIED FACILITIES	838,641	928,850	(90,209)	-9.7%	7,751,242	11,459,630	(3,708,388)	-32.4%	
4. ENERGY COST OF ECONOMY PURCHASES	341,842	308,170	33,672	10.9%	8,209,024	20,741,040	(12,532,016)	-60.4%	
5. TOTAL FUEL & NET POWER TRANSACTION	54,952,822	64,690,521	(9,737,699)	-15.1%	753,972,194	842,609,327	(88,637,133)	-10.5%	
6a. ADJUSTMENTS TO FUEL COST	0	0	0	0.0%	0	0	0	0.0%	
6b. ADJUSTMENTS TO FUEL COST	0	0	0	0.0%	0	0	0	0.0%	
7. ADJUSTED TOTAL FUEL & NET PWR. TRANS.	54,952,822	64,690,521	(9,737,699)	-15.1%	753,972,194	842,609,327	(88,637,133)	-10.5%	
B. MWH SALES									
1. JURISDICTIONAL SALES	1,277,073	1,429,437	(152,364)	-10.7%	18,408,581	19,044,253	(635,672)	-3.3%	
2. NONJURISDICTIONAL SALES	2,700	39	2,661	6823.1%	31,965	19,969	11,996	60.1%	
3. TOTAL SALES	1,279,773	1,429,476	(149,703)	-10.5%	18,440,546	19,064,222	(623,676)	-3.3%	
4. JURISDIC. SALES-% TOTAL MWH SALES	0.9978903	0.9999727	(0.0020824)	-0.2%	0.9982666	0.9989525	(0.0006859)	-0.1%	

CALCULATION OF TRUE-UP AND INTEREST PROVISION
TAMPA ELECTRIC COMPANY
MONTH OF: December 2012

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
C. TRUE-UP CALCULATION								
1. JURISDICTIONAL FUEL REVENUE	52,352,440	59,188,939	(6,836,499)	-11.6%	765,244,816	796,133,646	(30,888,830)	-3.9%
2. FUEL ADJUSTMENT NOT APPLICABLE	0	0	0	0.0%	0	0	0	0.0%
2a. TRUE-UP PROVISION	3,984,449	3,984,449	0	0.0%	47,813,410	47,813,410	0	0.0%
2b. INCENTIVE PROVISION	(171,221)	(171,221)	0	0.0%	(2,054,696)	(2,054,696)	0	0.0%
2c. ADJUSTMENT	0	0	0	0.0%	0	0	0	0.0%
3. JURIS. FUEL REVENUE APPL. TO PERIOD	58,165,668	63,002,167	(6,836,499)	-10.9%	811,003,530	841,892,360	(30,888,830)	-3.7%
4. ADJ. TOTAL FUEL & NET PWR. TRANS. (LINE A7)	54,952,822	64,690,521	(9,737,699)	-15.1%	753,972,194	842,609,327	(88,637,133)	-10.5%
5. JURISDIC. SALES- % TOTAL MWH SALES (LINE B4)	0.9978903	0.9999727	(0.0020824)	-0.2%	-	-	-	0.0%
6. JURISDIC. TOTAL FUEL & NET PWR. TRANS.	54,836,889	64,698,755	(9,851,866)	-15.2%	752,658,531	841,721,056	(89,062,525)	-10.6%
6a. JURISDIC. LOSS MULTIPLIER	1.00010	1.00010	0.00000	0.0%	-	-	-	0.0%
6b. (LINE C6 x LINE C6a)	54,842,373	64,695,224	(9,852,851)	-15.2%	752,733,796	841,805,228	(89,071,432)	-10.6%
6c. OTHER	0	0	0	FALSE	0	0	0	0.0%
6d. JURISDIC. TOTAL FUEL & NET PWR INCL. ALL ADJ. (LNS. C6b+C6c)	54,842,373	64,695,224	(9,852,851)	-15.2%	752,733,796	841,805,228	(89,071,432)	-10.6%
7. TRUE-UP PROV. FOR MO. +/- COLLECTED (LINE C3 - LINE C6d)	1,323,295	(1,693,057)	3,016,352	-178.2%	58,269,734	87,132	58,182,602	66775.2%
7a. REVENUE REFUND TRUE-UP ADJUSTMENT	0	0	0	0.0%	41	0	41	0.0%
8. INTEREST PROVISION FOR THE MONTH	6,439	566	5,873	1037.6%	67,975	53,773	14,202	26.4%
9. TRUE-UP & INT. PROV. BEG. OF MONTH	72,877,644	5,817,845	67,059,799	1152.7%	NOT APPLICABLE			
10. TRUE-UP COLLECTED (REFUNDED)	(3,984,449)	(3,984,449)	0	0.0%	NOT APPLICABLE			
11. END OF PERIOD TOTAL NET TRUE-UP (LINE C7 through C10)	70,222,929	140,905	70,082,024	49737.1%	NOT APPLICABLE			