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May 20, 2013

HAND DELIVERED

Ms. Ann Cole, Director
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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13 MAY 20 PM 3:05
COMMISSION
CLERK

Re: A3a Capacity Cost Recovery Clause
FPSC Docket No. 130001-EI
Audit Control No. 13-016-2-4

Dear Ms. Cole:

As provided for in an April 30, 2013 memorandum from Ms. Lynn M. Deamer, Chief of Auditing of the Commission's Office of Auditing and Performance Analysis to your office, we enclose for filing the original and five copies of Tampa Electric Company's Response to Audit Findings Nos. 1, 2 and 3 (Bates stamp pages 1, 2 and 3), which we ask that you incorporate with the above-referenced audit.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

COM _____ JDB/pp
AFD 2 _____ Enclosure

APA _____
ECO 1 _____ cc: Office of Auditing and Performance Analysis File (w/enc.)
ENG 1 _____ Paula Brown (w/enc.)
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**TAMPA ELECTRIC COMPANY
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Tampa Electric's Response to Audit Finding No. 1

Tampa Electric uses two decimal places for the multipliers when calculating bills using dollar-per-kilowatt standby demand rates and has done so since the company began using standby demand rates in 2009. The appropriate factors were calculated using 0.12, representing 12% times the authorized rate, or 0.0476, representing 4.76% times the authorized rate. The resulting multiplier is rounded to two decimal places in the billing system. Audit Staff calculated bills using five decimal places, which resulted in some minor differences; however, the company has not stated it will calculate the amounts in this manner. The company's tariff accurately shows the two percentage multipliers listed above and does not separately address the number of decimal places to which the multiplier will be carried out when multiplied by the customer's standby demand.

In addition, Tampa Electric notes that the calculation difference pointed out by Audit Staff results in both higher and lower amounts on different bills. Furthermore, the company does not believe that these differences are material.

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Tampa Electric's Response to Audit Finding No. 2

In the discussion for Finding No. 2, the "Charge Per Invoice," for capacity as shown on the company's Capacity Purchases Detail Schedule ("detail schedule"), which is for internal use only, was presented incorrectly for 2011 and 2012; however, the total correct amount of capacity expense for Reliant Energy Services, Inc. ("Reliant") was recovered through the capacity clause.

The capacity charge noted in Finding No. 2 is only the capacity component reflected on the company's internal detail report. This report shows an amount for capacity and transmission, both of which are recoverable through the capacity clause. The detail report reflected incorrect amounts separately for capacity and transmission; however, the sum of capacity and transmission is the correct invoiced amount. The invoiced amount is the amount that was posted to the company's general ledger and subsequently filed with the Florida Public Service Commission. Therefore, the correct amount of capacity expense was recovered through the capacity clause for 2011 and 2012.

Please see the example below:

February 2012	Capacity Charge	Transmission Charge	Total
Capacity Purchases Detail	650,960.00	302,356.38	953,316.38
Actual Filed	630,420.00	322,896.38	953,316.38

For February 2012, the total \$953,316.38 capacity and transmission expense is included in the \$1,929,124 shown on Line 3 of the Capacity Final True-Up schedule for 2012.

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Tampa Electric's Response to Audit Finding No. 3

Tampa Electric's contract with Reliant states that the security charge will be decreased annually to reflect the declining balance of a letter of credit for which Tampa Electric is the beneficiary. In the fourth year of the contract, the period January 1, 2012 through May 31, 2012, Reliant did not amend the letter of credit; however, Tampa Electric was invoiced and paid the lesser charge, as stated in the contract. The company acted appropriately in paying the correctly billed lesser charge. Reliant's decision not to amend its letter of credit to decrease the amount of security held for Tampa Electric's benefit for the fourth and final partial year of the contract was that company's decision, and it did not result in any increase in charges to Tampa Electric or its customers. Neither did it result in non-contractual billing. The amounts billed by Reliant to Tampa Electric were per the contract.