

MEMORANDUM

June 19, 1996

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*

RE: DOCKET NO. 960001-EI -- TAMPA ELECTRIC COMPANY  
CAPACITY COST AUDIT REPORT - PERIOD ENDED MARCH 31, 1996  
AUDIT CONTROL NO. 95-298-2-3

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The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit working papers are available for review on request. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Tampa Electric Company  
Angela Llewellyn  
702 North Franklin Street  
Tampa, Florida 33602-4418

DNV/sp  
Attachment

cc: Chairman Clark  
Commissioner Deason  
Commissioner Johnson  
Commissioner Kiesling  
Commissioner Garcia  
Mary Andrews Bane, Deputy Executive Director/Technical  
Legal Services  
Division of Auditing and Financial Analysis (Devlin/Causseaux/  
File Folder)  
Division of Electric and Gas (Wheeler)  
Tampa Electric Company (Bouckaert)

Research and Regulatory Review (Harvey)  
Office of Public Counsel

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

FOR THE TWELVE MONTHS ENDED MARCH 31, 1996

Field Work Completed

May 31, 1996

TAMPA ELECTRIC COMPANY

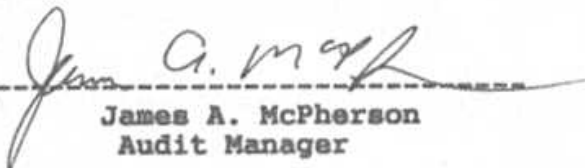
Tampa, Florida

Hillsborough County

Capacity Cost Recovery Clause Audit

Docket Number 960001-EI

Audit Control Number 95-298-2-3

  
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James A. McPherson  
Audit Manager

Audit Staff

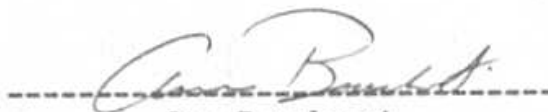
Robert T. Moore

Thomas E. Stambaugh

Minority Opinion

Yes \_\_\_ No RTM

Yes \_\_\_ No FES

  
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Ann Bouckaert  
Public Utilities Supervisor

INDEX

	Page
<b>I Executive Summary</b>	
Audit Purpose.....	1
Scope Limitation.....	1
Disclaim Public Use.....	1
Opinion.....	1
<b>II Audit Scope</b>	
Scope of Work Performed.....	2
<b>III Exhibits</b>	
Calculation of Final True-up Amount (9/30/95).....	3
Calculation of Interest Provision (9/30/95).....	4
Calculation of Final True-up Amount (3/31/96).....	5
Calculation of Interest Provision (3/31/96).....	6

## I Executive Summary

**Audit Purpose:** We have applied the procedures described in Section II of this report to audit the appended Capacity Cost Recovery True-up schedules prepared by Tampa Electric Company in support of FPSC Docket Number 960001-EI for the two six month periods ended September 30, 1995 and March 31, 1996.

**Scope Limitation:** There are no confidential workpapers associated with this report. The last day of field work was May 31, 1996.

**Disclaim Public Use:** This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

**Opinion:** The appended exhibits for Capacity Cost Recovery True-up for the six month periods ended September 30, 1995 and March 31, 1996 prepared by Tampa Electric Company in support of Docket Number 960001-EI represent utility books and records maintained in substantial compliance with Commission Directives. The expressed opinions extend only to the scope of work described in Section II of this report.

## II Audit Scope

The opinions contained in this report are based on the audit work described below. When used in this report, **COMPILED** means that audit work includes:

**COMPILED** - Means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity or inconsistency; and except as otherwise noted performed no other audit work.

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**REVENUE:** Compiled Capacity Cost Recovery (CCR) revenue and agreed to the filing. Recomputed CCR revenues using approved FPSC rate factors and company-provided KWH sales. Reconciled Utility "revenue recap" report to the general ledger on a test basis. Judgementally selected and tested certain customer bills to ensure the proper CCR revenue rate was being charged.

**EXPENSES:** Compiled capacity costs. Agreed capacity costs to Tampa Electric Company billing statements. Identified costs by vendor.

**TRUE-UP:** Recomputed CCR true-up and interest calculation using FPSC approved amounts and interest rates.

**OTHER:** Performed analytical review on capacity costs and recovery revenues.

TAMPA ELECTRIC COMPANY  
CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP AMOUNT  
FOR THE PERIOD APRIL 1995 THROUGH SEPTEMBER 1995

	(1) ACTUAL APRIL	(2) ACTUAL MAY	(3) ACTUAL JUNE	(4) ACTUAL JULY	(5) ACTUAL AUGUST	(6) ACTUAL SEPTEMBER	(7) TOTAL
1. UNIT POWER CAPACITY CHARGES	\$ 1,209,815	\$ 1,209,815	\$ 1,203,015	\$ 1,203,015	\$ 1,203,015	\$ 1,178,815	\$ 7,204,890
2. CAPACITY PAYMENTS TO COGENERATORS	935,005	935,005	935,005	935,005	935,005	935,005	5,810,030
2a. OPTION PAYMENT FROM POLK POWER PARTNERS		(543,380)					(553,380)
3. EMERGENCY CAPACITY CHARGES	0	0	0	0	0	0	0
4. ( CAPACITY REVENUES )	(78,321)	(85,919)	(88,210)	(129,956)	(279,893)	(127,010)	(799,309)
5. TOTAL CAPACITY CHARGES - CURRENT PERIOD	\$ 2,066,299	\$ 1,525,281	\$ 2,049,810	\$ 2,008,064	\$ 1,858,127	\$ 1,984,810	\$ 11,492,171
6. JURISDICTIONAL PERCENTAGE	98.28667%	98.28667%	98.28667%	98.28667%	98.28667%	98.28667%	-
7. JURISDICTIONAL CAPACITY PAYMENTS	\$ 2,030,898	\$ 1,499,128	2,014,890	\$ 1,973,859	\$ 1,828,291	\$ 1,950,807	\$ 11,295,271
8. CAPACITY COST RECOVERY REVENUES ( NET OF REVENUE TAXES )	1,400,853	1,733,408	1,960,505	1,988,445	1,934,294	2,011,860	11,027,055
9. PRIOR PERIOD TRUE-UP PROVISION	171,822	171,822	171,822	171,822	171,822	171,822	1,029,732
10. CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (NET OF REVENUE TAXES)	\$ 1,572,275	\$ 1,905,030	\$ 2,132,217	\$ 2,158,067	\$ 2,105,916	\$ 2,183,282	\$ 12,056,787
11. TRUE-UP PROVISION FOR MONTH - OVER/ (UNDER) RECOVERY (LINE 10 - LINE 7)	\$ (458,821)	\$ 405,902	\$ 117,527	\$ 184,408	\$ 279,625	\$ 232,875	\$ 761,518
12. INTEREST PROVISION FOR MONTH	238	39,770	(107)	(209)	89	505	40,286
13. TRUE-UP & INTEREST PROVISION BEGINNING OF MONTH - OVER/(UNDER) RECOVERY	1,029,732	399,727	873,777	818,575	832,152	740,244	1,029,732
14. DEFERRED TRUE-UP - OVER/(UNDER) RECOVERY	(867,853)	(867,853)	(867,853)	(867,853)	(867,853)	(867,853)	(867,853)
15. PRIOR PERIOD TRUE-UP PROVISION - COLLECTED/(REFUNDED) THIS MONTH	(171,822)	(171,822)	(171,822)	(171,822)	(171,822)	(171,822)	(1,029,732)
16. END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 11 - 15)	\$ (268,126)	\$ 5,924	\$ (48,278)	\$ (35,701)	\$ 72,391	\$ 133,949	\$ 133,949

TAMPA ELECTRIC COMPANY  
CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF INTEREST PROVISION  
FOR THE PERIOD APRIL 1995 THROUGH SEPTEMBER 1995

	(1) ACTUAL APRIL	(2) ACTUAL MAY	(3) ACTUAL JUNE	(4) ACTUAL JULY	(5) ACTUAL AUGUST	(6) ACTUAL SEPTEMBER	(7) TOTAL
1. BEGINNING TRUE-UP AMOUNT	361,879	(268,126)	5,924	(48,278)	(35,701)	72,391	N/A
2. ENDING TRUE-UP AMOUNT BEFORE INTEREST	(268,364)	(33,846)	(48,171)	(35,492)	72,302	133,444	N/A
3. TOTAL BEGINNING & ENDING TRUE-UP AMOUNT (LINES 1 + 2)	93,515	(301,972)	(42,247)	(83,770)	36,601	205,835	N/A
4. AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	<u>46,758</u>	<u>(150,986)</u>	<u>(21,124)</u>	<u>(41,885)</u>	<u>18,301</u>	<u>102,918</u>	<u>N/A</u>
5. INT. RATE % - FIRST DAY REP. BUS. MONTH	6.120	6.070	6.070	6.100	5.860	5.840	N/A
6. INT. RATE % - FIRST DAY SUBSEQUENT MONTH	6.070	6.070	6.100	5.860	5.840	5.940	N/A
7. TOTAL (LINE 5 + LINE 6)	12.190	12.140	12.170	11.960	11.700	11.780	N/A
8. AVERAGE INT. RATE % (50% OF LINE 7)	6.095	6.070	6.085	5.980	5.850	5.890	N/A
9. MONTHLY AVG. INT. RATE % (LINE 8/12)	0.508	0.506	0.507	0.498	0.488	0.491	N/A
10. INT. PROVISION (LINE 4 X LINE 9)	<u>\$238</u>	<u>(764)</u>	<u>(\$107)</u>	<u>(\$209)</u>	<u>\$89</u>	<u>\$505</u>	<u>(\$248)</u>
INTEREST FOR OPTION PYMT. FROM POLK POWER PARTNERS		40,534					
		<u>\$39,770</u>					

TAMPA ELECTRIC COMPANY  
CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP AMOUNT  
FOR THE PERIOD OCTOBER 1995 THROUGH MARCH 1996

	(1) ACTUAL OCTOBER	(2) ACTUAL NOVEMBER	(3) ACTUAL DECEMBER	(4) ACTUAL JANUARY	(5) ACTUAL FEBRUARY	(6) ACTUAL MARCH	(7) TOTAL
1. UNIT POWER CAPACITY CHARGES	\$ 1,203,015	\$ 1,203,015	\$ 828,450	\$ 1,167,119	\$ 1,167,112	\$ 1,167,112	\$ 68,735,723
2. CAPACITY PAYMENTS TO COGENERATORS	935,005	935,005	935,005	958,235	958,235	958,235	5,879,720
3. EMERGENCY CAPACITY CHARGES	0	0	0	0	0	0	0
4. ( CAPACITY REVENUES )	(114,385)	(110,328)	(135,927)	(172,817)	(188,911)	(181,573)	(901,941)
5. TOTAL CAPACITY CHARGES - CURRENT PERIOD	\$ 2,023,835	\$ 2,027,692	\$ 1,827,528	\$ 1,952,537	\$ 1,838,438	\$ 1,943,774	\$ 11,513,802
6. JURISDICTIONAL PERCENTAGE	98.28867%	98.28867%	98.28867%	98.28867%	98.28867%	98.28867%	-
7. JURISDICTIONAL CAPACITY PAYMENTS	\$ 1,988,963	\$ 1,992,951	\$ 1,599,643	\$ 1,919,084	\$ 1,805,224	\$ 1,910,471	\$ 11,318,338
8. CAPACITY COST RECOVERY REVENUES ( NET OF REVENUE TAXES )	2,290,181	1,889,622	1,782,783	2,290,849	1,978,198	1,882,381	12,111,972
9. PRIOR PERIOD TRUE-UP PROVISION	(7,803)	(7,803)	(7,803)	(7,803)	(7,803)	(7,804)	(45,819)
10. CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (NET OF REVENUE TAXES)	\$ 2,282,558	\$ 1,882,019	\$ 1,775,180	\$ 2,283,248	\$ 1,968,593	\$ 1,874,777	\$ 12,066,353
11. TRUE-UP PROVISION FOR MONTH - OVER/ (UNDER) RECOVERY (LINE 10 - LINE 7)	\$ 293,585	\$ (110,832)	\$ 175,517	\$ 364,162	\$ 83,389	\$ (36,894)	\$ 750,017
12. INTEREST PROVISION FOR MONTH	1,384	1,883	2,065	3,298	4,161	4,313	17,084
13. TRUE-UP & INTEREST PROVISION BEGINNING OF MONTH - OVER/(UNDER) RECOVERY	(45,819)	258,973	155,507	340,892	715,755	790,888	(45,818)
14. DEFERRED TRUE-UP - OVER/(UNDER) RECOVERY	179,568	179,568	179,568	179,568	179,568	179,568	179,568
15. PRIOR PERIOD TRUE-UP PROVISION - COLLECTED/(REFUNDED) THIS MONTH	7,803	7,803	7,903	7,803	7,803	7,804	45,819
16. END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 11 - 15)	\$ 438,541	\$ 335,075	\$ 520,260	\$ 895,323	\$ 970,456	\$ 946,879	\$ 946,879



TAMPA ELECTRIC COMPANY  
CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF INTEREST PROVISION  
FOR THE PERIOD OCTOBER 1995 THROUGH MARCH 1996

	(1) ACTUAL OCTOBER	(2) ACTUAL NOVEMBER	(3) ACTUAL DECEMBER	(4) ACTUAL JANUARY	(5) ACTUAL FEBRUARY	(6) ACTUAL MARCH	(7) TOTAL
1. BEGINNING TRUE-UP AMOUNT	133,949	436,541	335,075	520,280	895,323	970,456	N/A
2. ENDING TRUE-UP AMOUNT BEFORE INTEREST	435,147	333,212	518,195	892,025	968,295	942,368	N/A
3. TOTAL BEGINNING & ENDING TRUE-UP AMOUNT (LINES 1 + 2)	569,096	769,753	853,270	1,412,285	1,861,618	1,912,822	N/A
4. AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	<u>284,548</u>	<u>384,877</u>	<u>426,635</u>	<u>706,143</u>	<u>930,809</u>	<u>956,411</u>	<u>N/A</u>
5. INT. RATE % - FIRST DAY REP. BUS. MONTH	5.940	5.810	5.800	5.810	5.400	5.330	N/A
6. INT. RATE % - FIRST DAY SUBSEQUENT MONTH	5.810	5.800	5.810	5.400	5.330	5.500	N/A
7. TOTAL (LINE 5 + LINE 6)	11.750	11.610	11.610	11.210	10.730	10.830	N/A
8. AVERAGE INT. RATE % (50% OF LINE 7)	5.875	5.805	5.805	5.605	5.365	5.415	N/A
9. MONTHLY AVG. INT. RATE % (LINE 8/12)	0.480	0.484	0.484	0.467	0.447	0.451	N/A
10. INT. PROVISION (LINE 4 X LINE 9)	<u>\$1,394</u>	<u>1,863</u>	<u>\$2,065</u>	<u>\$3,298</u>	<u>\$4,161</u>	<u>\$4,313</u>	<u>\$17,094</u>

State of Florida

Commissioners:

SUSAN F. CLARK, CHAIRMAN  
J. TERRY DEASON  
JULIA L. JOHNSON  
DIANE K. KIESLING  
JOE GARCIA



DIVISION OF RECORDS &  
REPORTING  
BLANCA S. BAYO  
DIRECTOR  
(904) 413-6770

**Public Service Commission**

June 21, 1996

Angela Llewellyn  
Tampa Electric Company  
Post Office Box 111  
Tampa, Florida 33601-0111

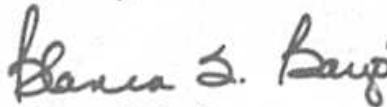
RE: Docket No. 960001-EI -- Tampa Electric Company  
Capacity Cost Audit Report - Period Ended December 31, 1996  
Audit Control #95-298-2-3

Dear Ms. Llewellyn:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

  
Blanca S. Bayo

BSB/mas  
Enclosure  
cc: Public Counsel  
Ausley Law Firm