



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
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-M-E-M-O-R-A-N-D-U-M-

DATE: May 19, 2010
TO: Kenneth Franklin, Regulatory Analyst II, Division of Economic Regulation
FROM: Dale N. Mailhot, Director, Office of Auditing and Performance Analysis
RE: Docket No.: 100001-EI
 Company Name: Tampa Electric Company
 Company Code: EI806
 Audit Purpose: Capacity Cost Recovery Clause
 Audit Control No: 10-004-2-4

RECEIVED FPSC
 19 MAY 20 PM 12:25
 COMMISSION CLERK

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.

DNM/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
CAPACITY COST RECOVERY CLAUSE**

AS OF DECEMBER 31, 2009

**DOCKET NO. 100001-EI
AUDIT CONTROL NO. 10-004-2-4**


Ron Mavrides, Audit Manager


**Dale Mailhot, Director of Auditing and
Performance Analysis**

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**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
AUDITOR'S REPORT**

MAY 12, 2010

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 December 23, 2009. We have applied these procedures to the attached schedules prepared by Tampa Electric Company in support of its filing for Capacity Cost Recovery Clause relief in Docket No. 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 only for internal Commission use.

OBJECTIVES AND PROCEDURES

CAPACITY REVENUES

Objective: Reconcile the Capacity Cost Recovery Clause (CCRC) revenues in the filing to the company's revenue reports and verify that the billing rates used to calculate and collect CCRC revenues agree to Commission orders in the company's last proceedings.

Procedures: We compiled the company's CCRC revenues and agreed them to the filing by recalculating monthly CCRC revenues using the rate factors approved in the company's last proceeding and its kilowatt hour (KWH) sales. We recalculated a sample of customers' bills for various rate classes to verify that the appropriate rate factors were applied. We verified that transmission revenues derived from non-separated, non-Energy Broker and wholesale sales were properly credited against revenues as required in Commission orders.

CAPACITY COST

Objective: Reconcile the CCRC cost in the filing to the company's books and records and insure that the requested cost recovery amounts are supported by adequate source documentation.

Procedures: We prepared a schedule of net jurisdictional capacity cost charges and sales revenues from company provided documents to verify the amounts reflected in the filing, which was reconciled to the company's general ledger. We sampled capacity purchased power contracts and sampled capacity purchase payments to verify that the company was in compliance with individual contract terms and that the payments were properly recorded to the general ledger. We verified that the security cost included in CCRC cost was incremental to the security cost in base rates as required in Commission order.

CAPACITY TRUE-UP

Objective: Verify that the CCRC true up and interest provisions are calculated correctly based on Commission rules.

Procedures: We recalculated the company's final true up and interest provision as of December 31, 2009, using the Commission approved interest rates and the beginning recoverable true up balance and jurisdictional separation factors approved in the company's last rate case proceeding.

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP VARIANCES
FOR THE PERIOD JANUARY 2009 THROUGH DECEMBER 2009

	(1)	(2)	(3)	(4)
	ACTUAL	ACTUAL/ ESTIMATED	VARIANCE (1) - (2)	% CHANGE (3)/(2)
1 UNIT POWER CAPACITY CHARGES	\$20,466,098	\$65,728,594	(\$45,262,496)	-68.86%
2 CAPACITY PAYMENTS TO COGENERATORS	26,264,730	26,555,650	(290,920)	-1.10%
3 SCHEDULE J & D CAPACITY CHARGES	45,416,849	0	45,416,849	0.00%
4 INCREMENTAL SECURITY O&M COSTS	0	0	0	0.00%
5 (CAPACITY REVENUES)	(1,132,244)	(1,049,238)	(83,006)	7.91%
6 TOTAL CAPACITY DOLLARS	\$91,015,433	\$91,235,006	(\$219,573)	-0.24%
7 JURISDICTIONAL PERCENTAGE	96.39735%	96.39735%	0.00000%	0.00%
8 JURISDICTIONAL CAPACITY DOLLARS	\$87,736,465	\$87,948,125	(\$211,660)	-0.24%
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	87,617,041	87,881,964	(264,923)	-0.30%
10 PRIOR PERIOD TRUE-UP PROVISION	(19,828,942)	(19,828,942)	0	0.00%
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	\$67,788,099	\$68,053,022	(\$264,923)	-0.39%
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 8)	(\$19,948,366)	(\$19,895,103)	(\$53,263)	0.27%
13 INTEREST PROVISION FOR PERIOD	(123,383)	(197,830)	74,447	-37.63%
14 INTEREST ADJUSTMENT FOR PRIOR PERIODS	0	0	0	0.00%
15 INTEREST ADJUSTMENT	0	0	0	0.00%
16 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER/(UNDER) RECOVERY	(28,354,109)	(28,354,109)	0	0.00%
17 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	19,828,942	19,828,942	0	0.00%
18 END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 12 - 17)	(\$28,596,916)	(\$28,618,100)	\$21,184	-0.07%

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2009 THROUGH DECEMBER 2009

	Actual Jan-09	Actual Feb-09	Actual Mar-09	Actual Apr-09	Actual May-09	Actual Jun-09	Actual Jul-09	Actual Aug-09	Actual Sep-09	Actual Oct-09	Actual Nov-09	Actual Dec-09	Total
1 UNIT POWER CAPACITY CHARGES	1,706,363	1,705,340	1,705,340	1,705,340	1,705,340	1,705,340	1,705,340	1,705,340	1,705,340	1,705,340	1,705,340	1,706,335	20,466,098
2 CAPACITY PAYMENTS TO COGENERATORS	2,144,710	2,154,020	2,144,710	2,207,610	2,198,300	2,198,300	2,198,300	2,198,300	2,205,120	2,205,120	2,205,120	2,205,120	26,264,730
3 SCHEDULE J & D CAPACITY CHARGES	4,213,828	4,199,050	4,195,919	4,236,574	4,716,715	4,297,045	4,245,729	4,281,006	4,233,459	2,281,395	2,254,185	2,261,844	45,416,849
4 INCREMENTAL SECURITY O&M COSTS	(38)	0	0	0	0	0	38	0	0	0	0	0	0
5 (CAPACITY REVENUES)	(110,888)	(62,838)	(116,481)	(122,728)	(97,202)	(62,904)	(44,071)	(50,160)	(150,051)	(124,375)	(97,708)	(92,839)	(1,132,244)
6 TOTAL CAPACITY DOLLARS	7,953,974	7,995,574	7,929,488	8,026,796	8,523,153	8,137,781	8,105,336	8,134,486	7,993,868	6,067,480	6,066,937	6,080,560	91,015,433
7 JURISDICTIONAL PERCENTAGE	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	0.9639735	
8 JURISDICTIONAL CAPACITY DOLLARS	7,667,420	7,707,521	7,643,816	7,737,619	8,216,084	7,844,605	7,813,329	7,841,429	7,705,677	5,846,890	5,848,366	5,861,499	87,738,465
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	6,891,294	6,728,385	6,052,390	6,149,918	7,208,440	7,973,803	8,574,419	8,440,749	6,373,918	8,056,534	7,032,937	6,334,254	87,617,041
10 PRIOR PERIOD TRUE-UP PROVISION	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,412)	(1,652,410)	(19,828,942)
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	5,038,882	5,075,973	4,399,978	4,497,506	5,556,028	6,321,391	6,922,007	6,788,337	6,721,506	6,404,122	5,380,525	4,681,844	67,789,099
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 8)	(2,628,538)	(2,631,548)	(3,243,838)	(3,240,113)	(2,680,066)	(1,523,214)	(891,322)	(1,053,092)	(984,371)	555,232	(467,841)	(1,179,655)	(19,948,366)
13 INTEREST PROVISION FOR PERIOD	(15,863)	(19,095)	(16,816)	(13,099)	(9,877)	(9,317)	(9,199)	(7,682)	(6,555)	(5,642)	(5,337)	(4,901)	(123,383)
14 INTEREST ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
15 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER/(UNDER) RECOVERY	(28,354,109)	(29,346,098)	(30,344,329)	(31,952,571)	(33,553,371)	(34,570,902)	(34,451,021)	(33,699,130)	(33,107,492)	(32,446,006)	(30,244,004)	(29,064,770)	(28,354,109)
16 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	1,652,412	1,652,412	1,652,412	1,652,412	1,652,412	1,652,412	1,652,412	1,652,412	1,652,412	1,652,412	1,652,412	1,652,410	19,828,942
17 END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 12 - 16)	(29,346,098)	(30,344,329)	(31,952,571)	(33,553,371)	(34,570,902)	(34,451,021)	(33,699,130)	(33,107,482)	(32,446,006)	(30,244,004)	(29,064,770)	(28,596,916)	(28,596,916)

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2009 THROUGH DECEMBER 2009

	Actual Jan-09	Actual Feb-09	Actual Mar-09	Actual Apr-09	Actual May-09	Actual Jun-09	Actual Jul-09	Actual Aug-09	Actual Sep-09	Actual Oct-09	Actual Nov-09	Actual Dec-09	Total
1 BEGINNING TRUE-UP AMOUNT	(28,354,109)	(29,346,098)	(30,344,329)	(31,952,571)	(33,553,371)	(34,670,902)	(34,451,021)	(33,699,130)	(33,107,482)	(32,446,006)	(30,244,004)	(29,064,770)	(28,354,109)
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(29,330,235)	(30,325,234)	(31,935,755)	(33,540,272)	(34,561,025)	(34,441,704)	(33,689,931)	(33,089,810)	(32,439,451)	(30,238,362)	(29,059,433)	(28,582,015)	(28,473,533)
3 TOTAL BEGINNING & ENDING TRUE-UP AMT. (LINE 1 + LINE 2)	(57,684,344)	(59,671,332)	(62,280,084)	(65,492,843)	(68,114,396)	(69,012,606)	(68,140,952)	(66,788,940)	(65,546,943)	(62,684,368)	(59,303,437)	(57,656,785)	(56,827,642)
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(28,842,172)	(29,835,666)	(31,140,042)	(32,746,422)	(34,057,198)	(34,506,303)	(34,070,476)	(33,399,470)	(32,773,472)	(31,342,184)	(29,651,719)	(28,828,393)	(28,413,821)
5 INTEREST RATE % - 1ST DAY OF MONTH	0.540	0.790	0.750	0.550	0.400	0.300	0.350	0.300	0.250	0.220	0.220	0.200	NA
6 INTEREST RATE % - 1ST DAY OF NEXT MONTH	0.790	0.750	0.550	0.400	0.300	0.350	0.300	0.250	0.220	0.220	0.200	0.200	NA
7 TOTAL (LINE 5 + LINE 6)	1.330	1.540	1.300	0.950	0.700	0.650	0.650	0.550	0.470	0.440	0.420	0.400	NA
8 AVERAGE INTEREST RATE % (50% OF LINE 7)	0.665	0.770	0.650	0.475	0.350	0.325	0.325	0.275	0.235	0.220	0.210	0.200	NA
9 MONTHLY AVERAGE INTEREST RATE % (LINE 8/12)	0.055	0.064	0.054	0.040	0.029	0.027	0.027	0.023	0.020	0.018	0.018	0.017	NA
10 INTEREST PROVISION (LINE 4 X LINE 9)	(15,863)	(19,095)	(16,816)	(13,069)	(9,877)	(9,317)	(9,199)	(7,682)	(6,555)	(5,642)	(5,337)	(4,901)	(123,383)