

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:** May 26, 2011  
**TO:** Office of Commission Clerk  
**FROM:** Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 110001-EI  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: Capacity Cost Recovery Clause  
Audit Control No: 11-006-2-2

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RECEIVED-FPSC  
11 MAY 26 AM 11:02  
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.

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.

CJP/ir

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

03687 MAY 26 =

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  
Capacity Cost Recovery Clause

**Twelve Months Ended December 31, 2010**

Docket No. 110001-EI  
Audit Control No. 11-006-2-2  
**May 11, 2011**

A handwritten signature in cursive script, appearing to read "Tomer".

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Tomer Kopelovich  
Audit Manager

A handwritten signature in cursive script, appearing to read "Linda Hill-Slaughter".

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Linda Hill-Slaughter  
Reviewer

DOCUMENT NUMBER-DATE

03687 MAY 26 =

FPSC-COMMISSION CLERK

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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 Economic Regulation in its audit service request dated January 6, 2011. We have applied these procedures to the attached summary exhibit prepared by Tampa Electric Company (TEC) and to several of its related schedules in support of its filing for the Capacity Cost Recovery Clause (CCRC) in Docket No. 110001-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

### **Revenues**

**Objective:** Our objective was to verify the accuracy of CCRC revenues recorded in the filing.

**Procedures:** Using Kilowatt Hours (KWH)s for recoverable sales and Commission approved CCRC rates, we recalculated 2010 CCRC revenues billed. We compared this balance to the CCRC filing. We reconciled the CCRC filing to the general ledger and to supporting documentation provided by the Company. We reconciled the monthly revenue summary report to total monthly KWH sales. Staff's calculation agrees with the Company's calculation. We verified that transmission revenues derived from non-separated, non-energy broker and wholesale sales were properly included in revenues as required in Commission orders.

### **Costs**

**Objectives:** Our objectives were to 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 from the Company's 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.

### **True-Up**

**Objective:** Our objective was to verify that the True-Up and interest provision amount at December 31, 2010, was properly calculated using FPSC approved interest rates.

**Procedures:** We recalculated the True-Up and interest provision amount as of December 31, 2010, using the Commission approved beginning balance as of December 31, 2009, the Commercial paper rates, and the 2010 ECRC revenues and costs.

### **Analytical Procedures**

**Objectives:** Our objectives were to perform analytical review procedures and determine if there were any material changes or inconsistencies from prior year filings.

**Procedures:** We compared 2009 and 2010 Capacity Payments to Cogenerators and Schedules J & D Capacity Charges. We reviewed the explanations given by the Company for the variances.

Audit Findings

**None**

# Exhibit

## Exhibit 1: Calculation of the Final True-Up Amount

TAMPA ELECTRIC COMPANY CAPACITY COST RECOVERY CLAUSE CALCULATION OF FINAL TRUE-UP AMOUNT FOR THE PERIOD JANUARY 2010 THROUGH DECEMBER 2010													
	Actual Jan-10	Actual Feb-10	Actual Mar-10	Actual Apr-10	Actual May-10	Actual Jun-10	Actual Jul-10	Actual Aug-10	Actual Sep-10	Actual Oct-10	Actual Nov-10	Actual Dec-10	Total
1 UNIT POWER CAPACITY CHARGES	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	1,706,335	20,475,383
2 CAPACITY PAYMENTS TO COGENERATORS	2,260,320	2,260,320	1,215,430	1,224,960	1,215,430	1,215,430	1,215,430	1,215,430	1,215,430	1,230,000	1,222,716	1,222,715	16,713,800
3 SCHEDULE J & D CAPACITY CHARGES	2,436,444	2,302,776	2,314,386	2,314,765	2,680,376	2,505,822	2,337,916	2,423,221	2,317,951	2,296,856	2,297,636	2,345,489	28,576,458
4 INCREMENTAL SECURITY O&M COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
5 (CAPACITY REVENUES)	(42,852)	(35,949)	(54,561)	(92,937)	(109,574)	(63,845)	(155,220)	(56,605)	(107,676)	(99,024)	(148,723)	(212,534)	(1,179,740)
6 TOTAL CAPACITY DOLLARS	6,363,207	6,233,482	5,181,590	6,153,133	5,492,567	5,363,742	5,104,461	5,288,381	5,131,840	5,133,967	5,077,963	5,061,398	64,585,701
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	0.9639735
8 JURISDICTIONAL CAPACITY DOLLARS	6,133,963	6,008,911	4,994,816	4,967,484	5,284,689	5,170,505	4,920,565	5,097,859	4,946,957	4,949,007	4,885,022	4,879,024	62,258,902
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	7,900,821	7,119,550	6,857,146	6,120,592	7,029,021	8,514,091	8,603,121	8,945,650	8,538,989	7,480,210	6,481,717	6,790,052	90,381,180
10 PRIOR PERIOD TRUE-UP PROVISION	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,842)	(2,384,838)	(28,618,100)
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	5,515,979	4,734,708	4,472,304	3,735,750	4,644,179	6,129,249	6,218,279	6,560,808	6,154,147	5,095,368	4,096,875	4,405,214	61,763,080
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 8)	(617,984)	(1,274,203)	(522,612)	(1,231,734)	(650,510)	958,744	1,297,714	1,463,149	1,207,190	146,361	(788,147)	(473,610)	(495,842)
13 INTEREST PROVISION FOR PERIOD	(4,711)	(4,468)	(4,464)	(4,193)	(5,245)	(5,603)	(4,112)	(2,772)	(1,834)	(1,105)	(676)	(309)	(39,495)
14 OTHER 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	(28,596,914)	(26,534,767)	(25,728,596)	(23,870,830)	(22,721,915)	(20,992,828)	(17,654,845)	(13,976,401)	(10,131,182)	(6,540,984)	(4,010,889)	(2,424,870)	(28,596,914)
16 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	2,384,842	2,384,842	2,384,842	2,384,842	2,384,842	2,384,842	2,384,842	2,384,842	2,384,842	2,384,842	2,384,842	2,384,838	28,618,100
17 END OF PERIOD TRUE-UP - OVER/(UNDER)	(25,834,767)	(25,728,596)	(23,870,830)	(22,721,915)	(20,992,828)	(17,654,845)	(13,976,401)	(10,131,182)	(6,540,984)	(4,010,889)	(2,424,870)	(514,151)	<b>(814,161)</b>

Note: Filed on March 1, 2011 in Docket 110001-EI