

State of Florida



Public Service Commission

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12 MAY 29 AM 10:52
COMMISSION
CLERK

DATE: May 29, 2012
TO: Office of Commission Clerk
FROM: Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 120001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3a Capacity Cost Recovery Clause
Audit Control No: 12-013-2-3

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.

CJP/klh

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

03388 MAY 29 2012

03388 MAY 29 2012

FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

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

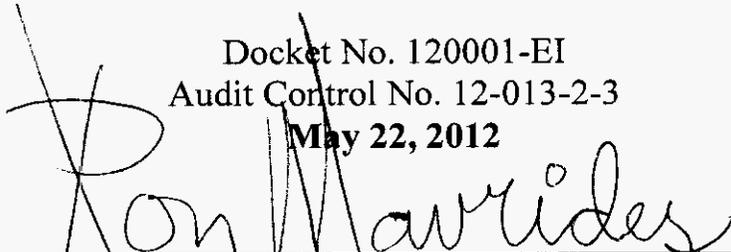
Auditor's Report

Tampa Electric Company
Capacity Cost Recovery Clause

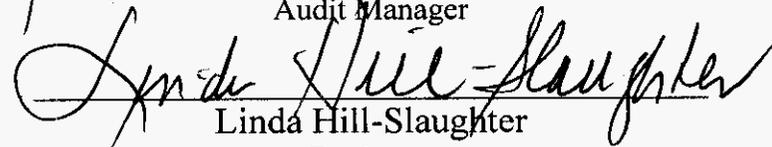
Twelve Months Ended December 31, 2011

Docket No. 120001-EI
Audit Control No. 12-013-2-3

May 22, 2012



Ron Mavrides
Audit Manager



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 Economic Regulation in its audit service request dated January 13, 2012. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2011 filing for the Capacity Cost Recovery Clause in Docket No. 120001-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.
CCRC refers to the Capacity Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2011, through December 31, 2011, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the CCRC.

Procedures: We reconciled the 2011 filing to the Utility's monthly CCRC Revenue Reports. We selected a random sample of residential and commercial customers' bills for the month of April 2011 and recalculated each to verify use of the correct tariff rate. No exceptions were noted.

Transmission Revenues

Objective: The objective was to verify that transmission revenues derived from the non-separated, non-Energy Broker Network, wholesale energy sales were credited to the CCRC per Commission Order No. PSC-99-2512-FOF-EI.

Procedure: We traced the wholesale transmission revenues that are derived from the non-separated, non-Energy Broker Network, from the Utility's books to the CCRC filing. No exceptions were noted.

Expense

Security Expense

Objective: The objective was to verify that security cost items that should be recovered in the base rates are not included in CCRC for recovery.

Procedures: We obtained the security invoices for September 2011. We verified total September 2011 capacity charges using the invoice, schedule of accrual/actual charges and prior month True-Up. We verified that this amount equals the total capacity amount expensed for September 2011. No security expense was included in the CCRC.

Purchase Power Contracts

Objective: The objective was to check a purchase power contract to verify that the invoices for capacity purchase amounts are in accordance with the terms and conditions of the contract.

Procedures: We reviewed the purchase power contract and terms between the Utility and the sampled entity with qualifying facilities. We sampled all purchases made in September 2011. There was only one purchase for September. The invoiced amount reconciled to the prices and terms listed in the contract. No exceptions were noted.

True-Up

Objective: The objective was to determine if the True-Up and Interest Provision as filed was properly calculated.

Procedures: We traced the December 31, 2010, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2011, using the Commission approved beginning balance as of December 31, 2010, the Financial Commercial Paper rates and the 2011 CCRC revenues and costs. No exceptions were noted.

Analytical Procedures

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

Procedures: We compared 2011 to 2010 revenues and expenses. Explanations of variances were requested of the Utility. Their response was adequate. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2011 THROUGH DECEMBER 2011

	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Actual Oct-11	Actual Nov-11	Actual Dec-11	Total
1 UNIT POWER CAPACITY CHARGES	1,705,698	1,705,698	1,705,698	1,705,698	1,705,698	1,705,698	1,705,698	1,705,698	1,705,698	1,705,698	1,705,698	1,705,707	20,468,385
2 CAPACITY PAYMENTS TO COGENERATORS	1,281,595	1,281,595	1,281,595	1,291,325	1,281,595	1,291,325	1,281,595	986,010	986,010	986,010	986,010	986,010	13,920,675
3 SCHEDULE J & D CAPACITY CHARGES	2,322,005	2,305,438	2,339,719	2,351,184	2,166,191	1,884,340	1,871,750	1,857,876	1,859,142	1,833,133	1,971,349	1,911,768	24,673,896
4 INCREMENTAL SECURITY O&M COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
5 CAPACITY REVENUES:	(26,694)	(32,408)	(296,845)	(939,467)	508,578	(106,053)	(334,549)	(386,123)	(185,864)	(223,468)	(220,947)	(105,236)	(2,368,275)
6 TOTAL CAPACITY DOLLARS	5,282,604	5,200,323	5,030,967	4,406,740	5,862,062	4,775,310	4,634,494	4,163,462	4,384,986	4,301,373	4,442,110	4,496,249	66,674,680
7 JURISDICTIONAL PERCENTAGE	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	0.9674819	
8 JURISDICTIONAL CAPACITY DOLLARS	5,110,823	5,021,219	4,867,370	4,266,376	5,477,943	4,620,026	4,377,366	4,028,074	4,242,394	4,161,500	4,297,661	4,361,973	64,831,725
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	4,737,684	3,966,518	3,614,085	3,901,687	4,596,738	5,044,232	5,148,682	5,323,289	5,243,466	4,536,017	3,740,711	3,794,940	53,608,048
10 PRIOR PERIOD TRUE-UP PROVISION	(4,424)	(4,424)	(4,424)	(4,424)	(4,424)	(4,424)	(4,424)	(4,424)	(4,424)	(4,424)	(4,424)	(4,427)	(53,091)
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	4,733,260	3,962,094	3,609,661	3,897,263	4,592,314	5,039,808	5,144,258	5,318,865	5,239,041	4,531,593	3,736,287	3,790,513	53,554,957
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 8)	(377,563)	(1,069,125)	(1,257,709)	(368,113)	(925,629)	419,782	766,892	1,290,791	995,647	370,093	(561,374)	(561,460)	(1,276,768)
13 INTEREST PROVISION FOR PERIOD	(147)	(298)	(498)	(542)	(605)	(556)	(442)	(255)	(105)	(57)	(72)	(73)	(3,652)
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	(514,151)	(887,437)	(1,952,436)	(3,206,211)	(3,570,442)	(4,492,252)	(4,068,602)	(3,297,728)	(2,002,778)	(1,001,812)	(627,352)	(1,184,374)	(514,151)
16 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	4,424	4,424	4,424	4,424	4,424	4,424	4,424	4,424	4,424	4,424	4,424	4,427	53,091
17 END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY (SUM OF LINES 12 - 16)	(687,437)	(1,952,436)	(3,206,211)	(3,570,442)	(4,492,252)	(4,068,602)	(3,297,728)	(2,002,778)	(1,001,812)	(627,352)	(1,184,374)	(1,741,480)	(1,741,480)