

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-

DATE: May 3, 2016
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 160001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: Fuel Cost Recovery Clause
Audit Control No: 16-020-2-3

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 is no confidential work papers associated with this audit.

LMD/cm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

State of Florida



Public Service Commission

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

Auditor's Report

Tampa Electric Company
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2015

Docket No. 160001-EI
Audit Control No. 16-020-2-3
April 20, 2016

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

Intesar Terkawi
Audit Manager

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

Linda Hill
Reviewer

Table of Contents

Purpose	1
Objectives and Procedures.....	2
Audit Findings	
None.....	5
Exhibit	
1: True-Up	6

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated January 20, 2016. We have applied these procedures to the attached summary exhibit prepared by the Tampa Electric Company in support of its 2015 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 160001-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to the Tampa Electric Company.

FAC refers to the Fuel and Purchased Power Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2015, through December 31, 2015, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the FAC.

Procedures: We reconciled Fuel Revenues reported in the 2015 FAC Filing to the Utility's monthly revenue reports and the general ledger. We calculated general ledger revenues net of regulatory assessment fees and agreed to the general ledger. We traced Fuel Revenue by rate class for January – December 2015 to the monthly 2015 Fuel Revenue Summary Reports. A random sampling of residential and commercial customers' bills test was performed by rate class in the Environmental Cost Recovery Clause Audit, Docket No. 160007-EI to verify that the correct tariff rate was used. No exceptions were noted.

Expenses

Objectives: The objectives were to review the expenses which the Utility has included in the FAC and determine whether those expenses were properly recoverable as required by Order No. 14546, issued July 8, 1985.

Procedures: We reviewed and sampled fuel expenses as reported on Schedules A1 and A2. We reviewed expenses for the month of February 2015. We concluded that the expenses examined complied with the standards set forth in Order No. 14546. No exceptions were noted.

Objective: The objective was to determine whether generation-related gains derived from non-separated wholesale energy sales were credited to the FAC as set forth in Order No. PSC-00-1744-PAA-EI, issued September 26, 2000.

Procedures: We calculated generation related gains from FAC Schedule A6 to ensure the Utility complied with Commission Order. No exceptions were noted.

Objective: The objective was to determine whether energy payments to qualifying facilities in Schedule A8 are based on the appropriate standard offer or negotiated contract rate.

Procedures: We prepared a schedule accumulating total monthly Megawatt Hours (MWH) and total monthly fuel purchases for 2015 as reflected on FAC Schedule A8 – Energy Payments to Qualifying Facilities. We reconciled the MWH purchased to the monthly billing detail and traced to supporting invoices for the months of March, July, and August 2015. No exceptions were noted.

Objectives: The objectives were to determine whether the amounts of gas storage expense recovered through the FAC for the gas storage facility for 2015 were calculated correctly and payments were made in accordance with the applicable contracts.

Procedures: We reviewed all contracts and amendments for 2015 gas storage expense between the vendor and the Utility. We reviewed all invoices to verify that the unit cost was in agreement with the contract rate. No exceptions were noted.

Objective: The objective was to determine whether Firm Transportation Service (FTS) charges for natural gas transportation agree with the appropriate FTS rate schedules from pipeline company tariffs.

Procedures: We reviewed all existing FTS vendor contracts and amendments in effect for 2015. We obtained company tariff rates for Florida Gas Transmission (FGTC). We randomly selected FGTC invoices for the months of July and November 2015. We reconciled FGTC invoice rates to the contract and respective amendments. No exceptions were noted.

Inventory

Objective: The objective was to determine whether adjustments made to coal inventory, due to differences between the book inventory and the semi-annual coal inventory survey, have been recorded as set forth in Order No. PSC-97-0359-FOF-EI, issued March 31, 1997.

Procedures: We reviewed all documentation supporting the February and August 2015 aerial survey calculations and recorded adjustments to determine compliance with Order No. PSC-97-0359-FOF-EI. No exceptions were noted.

Other

Objectives: The objectives were to review and verify payments made under the new waterborne and rail transportation contracts.

Procedures: We requested a listing of all transport carriers used by the Utility for coal deliveries to the coal terminals and plant locations for 2015. We selected on a judgmental basis, invoices and supporting contracts for review. No exceptions were noted.

Objective: The objective was to determine whether vendor rebates and refunds were credited by the Utility to its recoverable fuel costs.

Procedures: We obtained a summary of all 2015 refunds and demurrages. We traced all refunds and demurrages to the Fuel Ledger for correct disposition. No exceptions were noted.

Objectives: The objectives were to reconcile service hours, reserve shutdown hours, and unavailable hours for the Generating Performance Incentive Factor (GPIF) units as shown on the annual GPIF filing with source documents and trace the differences to source documents.

Procedures: We obtained the Actual Unit Performance Data Forms for January – December 2015 from the GPIF filing. Using the Generating Availability Data System (GADS) for Big Bend, Polk 1 and Bayside Unit 1, we reconciled service hours, reserve shutdown hours and unavailable hours to the Unit Report Data Forms for May, June, and August 2015. No exceptions were noted.

Objectives: The objectives were to reconcile coal and oil purchases as shown on the monthly Florida Public Service Commission (FPSC) Form 423 to FAC Schedule A-5, the general ledger, contractual obligations, and source documents.

Procedures: We traced purchases recorded on FAC Schedule A5 to the fuel ledger. We reconciled tonnage and unit costs to the respective vendor invoices for March, and July 2015. We verified that the invoice unit costs were in compliance with the contract. No exceptions were noted.

True-Up

Objective: The objective was to determine whether the Utility’s True-Up and Interest Provision as filed on FAC Schedule A-2 was properly calculated.

Procedures: We traced the December 31, 2014, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2015, using the Commission approved beginning balance as of December 31, 2014, the Financial Commercial Paper rates, and the 2015 FAC Revenues and Costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility’s FAC Revenues and Expenses to determine whether there were any material changes or inconsistencies in 2015 from previous years.

Procedures: We compared 2015 revenues and expenses to 2014 and 2013. We requested explanations of the variances from the Utility. Explanations provided were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

SCHEDULE A2
PAGE 1 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION
TAMPA ELECTRIC COMPANY
MONTH OF: December 2018

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
A. FUEL COST & NET POWER TRANSACTION								
1. FUEL COST OF SYSTEM NET GENERATION	48,770,094	51,912,405	(2,142,311)	-4.1%	647,742,170	698,913,664	(51,171,494)	-7.3%
1a. FUEL REL. R & D AND DEMO COST	0	0	0	0.0%	0	0	0	0.0%
2. FUEL COST OF POWER SOLD	279,914	417,660	(137,746)	-33.0%	2,726,968	5,066,348	(3,239,380)	-54.3%
2a. GAINS FROM SALES	(16,703)	37,174	(53,877)	-144.9%	496,810	581,934	(85,124)	-14.6%
3. FUEL COST OF PURCHASED POWER	481,388	215,800	265,588	113.8%	19,046,419	6,810,170	12,236,249	179.7%
3a. DEMAND & NONFUEL COST OF PUR. PWR.	0	0	0	0.0%	0	0	0	0.0%
3b. PAYMENT TO QUALIFIED FACILITIES	481,388	215,800	265,588	113.8%	19,046,419	6,810,170	12,236,249	179.7%
4. ENERGY COST OF ECONOMY PURCHASES	114,246	1,072,243	(957,997)	-89.3%	17,356,085	16,990,090	365,995	2.2%
5. TOTAL FUEL & NET POWER TRANSACTION	50,531,465	53,460,571	(2,929,106)	-5.5%	667,577,542	724,404,542	(56,826,600)	-8.0%
6a. ADJ. - BIG BEND UNITS 1-4 IGHITERS CONVERSION PROJECT	484,479	395,382	89,097	22.5%	3,689,743	3,310,090	379,653	11.5%
6b. ADJ. - POLK 1 CONVERSION DEPRECIATION & ROI	330,819	331,623	(804)	-0.2%	4,109,281	4,114,485	(5,204)	-0.1%
6c. ADJ. - POLK WARM GAS CLEANUP	(25,760)	0	(25,760)	0.0%	(452,103)	0	(452,103)	0.0%
7. ADJUSTED TOTAL FUEL & NET PWR TRANS	51,321,003	54,187,575	(2,866,573)	-5.3%	696,924,863	731,829,127	(34,904,264)	-4.8%
D. MWH SALES								
1. JURISDICTIONAL SALES	1,434,638	1,369,495	65,143	4.8%	19,005,398	18,630,400	374,998	2.0%
2. NONJURISDICTIONAL SALES	0	0	0	0.0%	0	0	0	0.0%
3. TOTAL SALES	1,434,638	1,369,495	65,143	4.8%	19,005,398	18,630,400	374,998	2.0%
4. JURISDIC. SALES-% TOTAL MWH SALES	1.0000000	1.0000000	0.0000000	0.0%	1.0000000	1.0000000	0.0000000	0.0%

Exhibit 1 (cont'd)

SCHEDULE A2
PAGE 2 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION
TAMPA ELECTRIC COMPANY
MONTH OF: December 2018

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
C. TRUE-UP CALCULATION								
1. JURISDICTIONAL FUEL REVENUE	54,838,456	52,156,822	2,641,634	5.1%	733,770,327	718,288,323	15,482,004	2.2%
2. FUEL ADJUSTMENT NOT APPLICABLE	0	0	0	0.0%	0	0	0	0.0%
2a. TRUE-UP PROVISION	1,115,512	1,115,520	(8)	0.0%	13,386,199	13,386,207	(8)	0.0%
2b. INCENTIVE PROVISION	(140,807)	(140,607)	0	0.0%	(1,689,728)	(1,689,728)	0	0.0%
2c. ADJUSTMENT	0	0	0	0.0%	0	0	0	0.0%
3. JURIS. FUEL REVENUE APPL. TO PERIOD	55,813,161	53,171,535	2,641,626	5.0%	745,466,798	729,984,802	15,481,996	2.1%
4. ADJ. TOTAL FUEL & NET PYR. TRANS. (LINE A7)	51,321,003	54,187,576	(2,866,573)	-5.3%	696,924,863	731,829,127	(34,904,264)	-4.8%
5. JURISDIC. SALES- % TOTAL MWH SALED (LINE B4)	1.0000000	1.0000000	0.0000000	0.0%	-	-	-	-
6. JURISDIC. TOTAL FUEL & NET PYR. TRANS.	51,321,003	54,187,576	(2,866,573)	-5.3%	696,924,863	731,829,127	(34,904,264)	-4.8%
6a. JURISDIC. LOSS MULTIPLIER	1.00000	1.00000	0.00000	0.0%	-	-	-	-
6b. (LINE C5 x LINE C6a)	51,321,003	54,187,576	(2,866,573)	-5.3%	696,924,863	731,829,127	(34,904,264)	-4.8%
6c. OTHER	0	0	0	0.0%	0	0	0	0.0%
6d. JURISDIC. TOTAL FUEL & NET PYR. INCL. ALL ADJ. (LNS. C6b-C6c)	51,321,003	54,187,576	(2,866,573)	-5.3%	696,924,863	731,829,127	(34,904,264)	-4.8%
7. TRUE-UP PROV. FOR MO. +A COLLECTED (LINE C3 - LINE C6d)	4,492,158	(1,016,041)	5,508,199	-542.1%	48,541,935	(1,844,325)	50,386,260	-2732.0%
8. INTEREST PROVISION FOR THE MONTH	10,109	(147)	10,256	-6976.9%	25,856	5,369	20,488	381.7%
8a. PRIOR MONTHS INTEREST ADJUSTMENT	0	0	0	0.0%	70	0	70	0.0%
9. TRUE-UP & INT. PROV. BEG. OF MONTH	42,262,094	292,751	41,969,343	14336.2%	-	-	-	-
10. TRUE-UP COLLECTED (REFUNDED)	(1,115,512)	(1,115,520)	8	0.0%	-	-	-	-
11. END OF PERIOD TOTAL NET TRUE-UP (LINE C7 through C10)	45,648,959	(1,838,957)	47,487,916	-2502.3%	-	-	-	-