

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD ROAD • TALLAHASSEE, FLORIDA 32399-0850

RECEIVED-FPSC
MAY 19 PM 2:11

-M-E-M-O-R-A-N-D-U-M- COMMISSION CLERK

DATE: May 19, 2011
TO: Office of Commission Clerk
FROM: Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CJP*
RE: Docket No.: 110001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: Fuel and Purchased Power Cost Recovery Clause
Audit Control No: 11-006-2-4

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:pld
Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

03499 MAY 19 =

FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

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

Auditor's Report

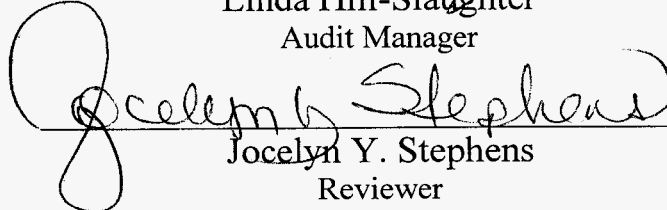
Tampa Electric Company
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2010

Docket No. 110001-EI
Audit Control No. 11-006-2-4
May 11, 2011



Linda Hill-Slaughter
Audit Manager



Jocelyn Y. Stephens
Reviewer

DOCUMENT NUMBER-DATE

03499 MAY 19 =

FPSC-COMMISSION CLERK

Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	5
Exhibit	
1: Fuel and Purchased Power Cost Recovery - 2010.....	6

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 Fuel and Purchased Power Cost Recovery Clause 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

Objectives: Our objectives were to determine if the Fuel Adjustment Clause (FAC) Revenue and KWH Sold, as filed, agreed with the amounts that were reported on the books of the Company and that these amounts were completely and properly recorded.

Procedures: Using revenues as reported on the monthly filed True-Up and Interest Provision, FAC Schedule A2, we applied the revenue tax factor of 1.00072 and compared the result to the monthly fuel revenue per the general ledger. We traced fuel revenue by rate class for January - December 2010 to the fuel revenue Monthly Revenue Summary Report for 2010. We selected a random sample of residential and commercial customers' bills for the month of February 2010 and recalculated each to verify that the correct tariff rate as listed by Order No. PSC-09-0795-FOF-EI was used.¹

Expenses

Objective: Our objective was to identify those expenses which the Company has recovered through the fuel clause that do not meet the criteria set forth in Order No. 14546, in Docket No. 850001-EI-B, issued July 8, 1985.²

Procedures: We reconciled purchases reported per June and September 2010 423 Reports to invoice amounts. We traced randomly selected invoices to vouchers per the coal purchase query. We traced reported invoice amounts to actual invoices per Invision Accounts Payable System. We reconciled shipment tons and unit costs for Polk and Big Bend per the Shipment Unload Reports to the 423 Reports for the months of June and September 2010. We randomly selected vouchers for the same months and traced invoices to the amounts reported on the Fuel Ledger. We obtained the Coal ARMS Report for 2010 and selected the months of October, November, and December 2010 for review. We traced all transactions for each month to supporting documentation and JE90032.

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

Procedures: We selected seventeen (17) vouchers from the 2010 accounts payable listing for review. We tied each vendor to supporting invoice and contract. We compared rates on the invoices to rates listed in the contracts.

¹ Order No. PSC-09-0795-FOF-EI, issued December 2, 2009, in Docket No. 090001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

² Order No. 14546, issued July 8, 1985, in Docket No. 850001-EI-B, In re: Cost Recovery Methods for fuel related expenses.

Objective: Our objective was to verify that the Company had credited vendor rebates and refunds to its recoverable fuel costs.

Procedures: We obtained the Coal ARMS Report for 2010. We selected the months of October, November, and December 2010 for review. We traced all transactions for each month to supporting documentation and JE90032.

Objective: Our objective was to verify that any adjustments to coal inventory, due to differences between the per book inventory quantities and the semi-annual coal inventory survey quantities, have been recorded as set forth in Order No. PSC-97-0359-FOF-EI, in Docket No. 970001-EI, issued March 31, 1997³.

Procedures: We summarized inventory adjustments by month for 2010 by description, units and dollars using Fuelworxs. We checked randomly selected calculations for February and August aerial adjustments to verify that adjustments were properly calculated when required. We traced all inventory adjustments per the aerial adjustments that were within the 3 percent parameters to JE0032 and to Fuelworxs.

Objectives: Our objectives were to reconcile heat rates as shown on the monthly Schedule A4 for GPIF units with annual GPIF filings and source documents and trace differences to source documents.

Procedures: Using Schedule A4, System Net Generation and Fuel Costs for 2010, we compared the average net heat rate for each plant reported to the 2010 GPIF Actual Unit Performance Data Reports. We reconciled a sample for net MWH for all plants to the Actual Unit Performance Data Reports for the months of March, July, and September 2010 to 2010 Schedule A4 Reports.

Objective: Our objective was to verify that TEC had credited generation-related gains derived from non-separated wholesale energy sales to the fuel clause as set forth in Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 25, 2000⁴.

Procedures: We prepared a monthly schedule of power sales for the year 2010 using Power Sold, Schedule A6. We reconciled MWH Sold and Total dollars for Fuel Adjustment to billing schedules for the months of May, July, and September 2010. We traced MWH Sold and Total Revenues to supporting invoices. We determined that the fuel cost for Schedule D sales included both fuel and O&M costs in accordance with Orders No PSC-01-2371-FOF-EI⁵ and PSC-00-1744-PAA-EI. We determined that gains for Schedule D are being recorded. We traced gains from wholesale sales to FAC Schedule A6.

³ Order No. PSC-97-0359-FOF-EI, issued March 31, 1997, in Docket No. 970001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

⁴ Order No. PSC-00-1744-PAA-EI, issued September 25, 2000, in Docket No. 991779-EI, In re: Review of the appropriate application of incentives to wholesale power sales by investor-owned electric utilities.

⁵ Order No. PSC-01-2371-FOF-EI, issued December 7, 2001, in Docket No. 010283-EI, In re: Calculation of gains and appropriate regulatory treatment for non-separated wholesale energy sales by investor-owned electric utilities.

Objective: Our objective was to verify that energy payments to qualifying facilities are based on the appropriate standard offer or negotiated contract rate.

Procedures: Using FAC Schedule A8, Energy Payments to Qualifying Facilities, we prepared a schedule to accumulate total monthly MWH and total monthly Fuel Purchases for 2010. We reconciled the MWH purchased to the monthly billing detail and traced to supporting invoices for the months of July-September 2010.

Objectives: Our objectives were to reconcile service hours, reserve shutdown hours and unavailable hours for GPIF units as shown on annual GPIF filings with source documents and trace differences to source documents.

Procedures: We obtained the Actual Unit Performance Data Reports for January-December 2010 from the final GPIF filing. We reconciled Bayside 1 from the Unit Performance Data Report to the Unit Report Data Report for the months of March, July, and August 2010.

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

Procedures: We reconciled the components of the cost of generated power for coal, natural gas, #2 oil, and #6 oil from JE90032 to FAC Schedule A5 for the twelve months ending December 31, 2010. We traced a selected sample of invoices with FTS charges for natural gas transportation to the appropriate FTS rate schedules from pipeline company tariffs.

True-Up

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

Procedures: We recalculated the True-Up and interest provision as of December 31, 2010, using the Commission approved beginning balance as of December 31, 2009, the commercial paper rates and the 2010 fuel and purchased power revenues and costs.

Audit Findings

None

Exhibit

Exhibit 1: Fuel and Purchased Power Cost Recovery - 2010

SCHEDULE A1
PAGE 2 OF 2

COMPARISON OF ESTIMATED AND ACTUAL
FUEL AND PURCHASED POWER COST RECOVERY FACTOR
TAMPA ELECTRIC COMPANY
PERIOD TO DATE THROUGH: DECEMBER 2010

	\$		DIFFERENCE		MWH		DIFFERENCE		CENTS/KWH		DIFFERENCE	
	ACTUAL	ESTIMATED	AMOUNT	%	ACTUAL	ESTIMATED	AMOUNT	%	ACTUAL	ESTIMATED	AMOUNT	%
1. Fuel Cost of System Net Generation (A3)	765,546,825	856,477,634	(100,832,809)	-11.6%	19,037,156	19,449,775	(412,619)	-2.1%	4.02186	4.45495	(0.43309)	-9.7%
2. Spent Nuclear Fuel Disposal Cost	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
3. Coal Car Investment	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
3a. Adj. to Fuel Cost (Yanoshua Wheeling Losses)	(63,820)	(72,000)	8,180	-11.4%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
4b. Adjustments to Fuel Cost	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
5. TOTAL COST OF GENERATED POWER (Lines 1 through 4b)	765,580,005	856,405,634	(100,822,629)	-11.6%	19,037,156	19,449,775	(412,619)	-2.1%	4.02182	4.45488	(0.43306)	-9.7%
6. Fuel Cost of Purchased Power - Firm (A7)	6,1473,357	37,324,900	23,648,457	82.5%	878,561	487,651	390,910	80.2%	6.99705	7.75655	(0.75950)	-9.3%
7. Energy Cost of Sch. C.X Econ. Purch. (Broker) (A9)	33,880,854	17,087,900	16,792,954	98.3%	553,206	466,462	87,744	18.9%	5.12446	3.67117	2.45329	66.8%
8. Energy Cost of Other Econ. Purch. (Non-Broker) (A9)	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
9. Energy Cost of Sch. E Economy Purchases (A9)	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
10. Capacity Cost of Sch. E Economy Purchases	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
11. Payments to Qualifying Facilities (A8)	18,266,127	24,111,400	(5,843,273)	-24.2%	530,017	540,215	(10,198)	-1.9%	3.44571	4.46330	(1.01659)	-22.9%
12. TOTAL COST OF PURCHASED POWER (Lines 6 through 11)	113,622,368	79,024,200	34,598,168	43.8%	1,961,764	1,493,328	468,436	31.4%	5.79179	5.29182	0.49997	9.4%
13. TOTAL AVAILABLE KWH (LINE 5 - LINE 12)					20,398,940	20,343,160	55,677	0.3%				
14. Fuel Cost of Sch. D Jurisd. Sales (A5)	487,568	715,100	(227,532)	-31.8%	17,114	14,725	2,389	16.2%	2.84594	4.35637	(2.02742)	-41.3%
15. Fuel Cost of Sch. C/DB Sales (A5)	1,034,451	0	1,034,451	0.0%	25,674	0	25,674	0.0%	4.02518	0.00000	4.02518	0.0%
16. Fuel Cost of QATT Sales (A5)	302,068	0	302,068	0.0%	5,915	0	5,915	0.0%	3.38717	0.00000	3.38717	0.0%
17. Fuel Cost of Market Base Sales (A5)	7,895,419	7,737,900	(157,519)	-2.0%	164,672	149,480	15,192	10.3%	4.66751	5.17634	(0.50883)	-9.8%
18. Gains on Sales	2,759,750	2,101,140	658,610	31.3%								
19. TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 14 + 15 + 16 + 17 + 18)	12,279,296	10,553,540	1,725,756	16.4%	216,578	164,185	52,393	31.9%	5.66967	6.42783	(0.75817)	-11.8%
20. Net Inadvertent Interchange					221	0	221	0.0%				
21. Wheeling Rec'd. less Wheeling Dev'd					33,907	0	33,907	0.0%				
22. Interchange and Wheeling Losses					36,975	2,600	34,375	1375.0%				
23. TOTAL FUEL AND NET POWER TRANSACTIONS (LINE 5 - 12 - 19 + 20 + 21 - 22)	866,926,117	934,676,294	(67,950,177)	-7.3%	20,775,615	20,776,418	(803)	-0.0%	4.17200	4.49970	(0.32770)	-7.3%
24. Net Unbilled	9,757,480 (a)	2,991,942 (a)	6,765,538	226.1%	215,677	63,672	152,005	239.0%	4.51993	4.69899	(0.17907)	-3.8%
25. Company Line	1,442,049 (a)	1,614,456 (a)	(172,407)	-10.7%	34,697	36,000	(1,303)	-3.6%	4.15612	4.48460	(0.32848)	-7.3%
26. T & D Losses	41,771,955 (a)	40,678,046 (a)	1,093,909	2.2%	1,017,432	907,120	110,312	12.2%	4.10563	4.52613	(0.42050)	-9.3%
27. System KWH Sales	666,926,117	934,676,294	(267,750,177)	-37.3%	19,511,609	19,769,626	(258,017)	-1.3%	4.44313	4.72688	(0.28375)	-6.0%
28. Wholesale KWH Sales	(13,736,279)	(28,307,443)	14,571,164	-51.8%	(298,938)	(696,553)	397,615	-59.6%	4.59469	4.75314	(0.15844)	-3.3%
29. Jurisdictional KWH Sales	653,190,838	906,368,851	(253,178,013)	-29.9%	19,212,671	19,174,073	38,598	0.2%	4.44277	4.72610	(0.28333)	-6.0%
30. Jurisdictional Loss Multiplier									1.00136	1.00136	0.00000	0.0%
31. Jurisdictional KWH Sales Adjusted for Line Losses	854,351,178	907,801,607	(53,450,429)	-6.2%	19,212,671	19,174,073	38,598	0.2%	4.44581	4.73453	(0.28872)	-6.1%
32. Other	0	0	0	0.0%	19,212,671	19,174,073	38,598	0.2%	0.00000	0.00000	0.00000	0.0%
33. True-up *	(45,016,697)	(45,016,697)	0	0.0%	19,212,671	19,174,073	38,598	0.2%	(0.23431)	(0.23478)	0.00047	-0.2%
34. Total Jurisdictional Fuel Cost (Excl. GRP)	809,334,481	862,784,910	(53,450,429)	-6.2%	19,212,671	19,174,073	38,598	0.2%	4.21250	4.49975	(0.28724)	-6.4%
35. Revenue Tax Factor									1.00072	1.00072	0.00000	0.0%
36. Fuel Cost Adjusted for Taxes (Excl. GRP)	809,517,202	863,406,116	(53,888,914)	-6.2%	19,212,671	19,174,073	38,598	0.2%	4.21554	4.50299	(0.28745)	-6.4%
37. GRP * (Already Adjusted for Taxes)	1,239,009	1,239,009	0	0.0%	19,212,671	19,174,073	38,598	0.2%	0.00645	0.00646	(0.00001)	-0.2%
38. Fuel Cost Adjusted for Taxes (Incl. GRP)	811,156,211	864,645,125	(53,488,914)	-6.2%	19,212,671	19,174,073	38,598	0.2%	4.22199	4.50945	(0.28746)	-6.4%
39. Fuel FAC Rounded to the Nearest .001 cents per KWH									4.222	4.509	(0.287)	-6.4%

* Based on Jurisdictional Sales (a) Included for informational purposes only