

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



TIMOTHY DEVLIN, DIRECTOR
AUDITING & FINANCIAL ANALYSIS
(850) 413-6480

Public Service Commission

May 4, 1999

Ms. Angela Llewellyn
Tampa Electric Company
P. O. Box 222
Tampa, FL 33601-0111

**Re: 990001-EI; Tampa Electric Company
Fuel Audit Report - Audit Control No. 99-033-2-2**

Dear Ms. Llewellyn:

The enclosed audit report is forwarded for your review. If you desire to file a response to the audit, please file one with the Division of Records and Reporting so it may be forwarded for consideration by the staff analysts in their review of the audit.

Sincerely,

Denise N. Vandiver
Bureau Chief - Auditing

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- RRR _____
- SEC _____
- WAW _____
- OTH _____

DNV/

- cc: ✓ Division of Records and Reporting
- Division of Auditing and Financial Analysis (Devlin/Caussaux/File Folder)
- Division of Electric and Gas (Borhman)
- Tampa Electric and Gas (McPherson)
- Division of Legal Services
- Office of Public Counsel
- Research and Regulatory Review (Harvey)



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING*

TAMPA DISTRICT OFFICE

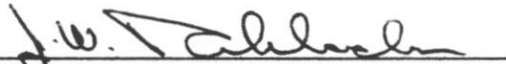
TAMPA ELECTRIC COMPANY

FUEL CLAUSE AUDIT


NINE MONTHS ENDED DECEMBER 31, 1998

DOCKET 990001-EI

AUDIT CONTROL NO. 99-033-2-2



Joseph W. Rohrbacher, Audit Manager



James A. McPherson, District Supervisor

TABLE OF CONTENTS

I.	AUDITOR'S REPORT	PAGE
	PURPOSE	3
	DISCLAIM PUBLIC USE	3
	OPINION	3
	SUMMARY OF SIGNIFICANT PROCEDURES	4
II.	EXHIBITS (FROM FAC FILING)	
	SCH A1-COST RECOVERY FACTOR-9 MOS ENDED 12/31/98	5
	SCH A2-TRUE-UP & INTEREST PROVISION-9 MOS ENDED 12/31/98	6

**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT**

APRIL 1, 1999

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Fuel Adjustment Clause exhibits for the historical nine-month period ending December 31, 1998 for Tampa Electric Company. These schedules were prepared by the utility as part of its petition for a Fuel Cost Factor Adjustment in Docket 990001-EL. There is no confidential information associated with this audit.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

In our opinion, the schedules referred to above present fairly, in all material respects, the utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in the report:

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

Fuel Revenue: Compiled general ledger revenue accounts 440.04, 442.04, 442.14, 442.24, 442.34, 444.03 and 443.05 on a monthly basis for the nine month period and agreed to the Fuel Adjustment Recovery Filing (FAC). Tested a judgmental sample of customer bills to ensure the proper billing factor was being charged. Recomputed fuel revenues using FPSC approved rate factors and company provided KWH sales. Verified that Tampa Electric has properly reflected the \$25 million refund as a line-item credit on customers bills.

Fuel Cost of System Net Generation: Compiled applicable 501, 502, 547, and 548 accounts for recoverable fuel expense on a monthly basis for the nine month period and agreed to the FAC. Verified judgementally selected fuel purchases to invoices and agreed to supporting contracts. Verified adjustments to Fuel Cost for wheeling losses pertaining to the cities of Ft. Meade and Wachula.

Total Cost of Purchased Power: Tested the filing schedules A6, A7, A8 and A9 by tracing to a judgmental sample of original invoices. Verified that Tampa Electric has credited the fuel cost recovery clause with revenues for transmission services resulting from economy, Schedule C, broker sales.

True-up: Compiled Fuel True-up. Agreed amounts to be collected for prior overrecovery to the amounts authorized by the FPSC. Agreed Generating Performance Incentive Factor (GPIF) to FPSC Order. Verified interest rates used by Utility. Recalculated amortization of Peabody Coal Buy-out and Fuel Credit Differential for the Florida Municipal Power Authority (FMPA).

Other : Scanned the minutes of Tampa Electric Board of Director's meetings since the previous audit. Read the audit workpaper files on selected internal audits of Tampa Electric Co. for the 12-month period ended 12-31-98. Recalculated and traced coal inventory adjustments to the general ledger. Verified that the inventory adjustments were used in determination of generating costs. Observed the taking of the physical inventory for coal at the Big Bend plant.

COMPARISON OF ESTIMATED AND ACTUAL
FUEL AND PURCHASED POWER COST RECOVERY FACTOR
TAMPA ELECTRIC COMPANY
PERIOD TO DATE THROUGH: DECEMBER, 1998

SCHEDULE A1

	\$				MWH				cents/kWh			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT %		ACTUAL	ESTIMATED	DIFFERENCE AMOUNT %		ACTUAL	ESTIMATED	DIFFERENCE AMOUNT %	
1. Fuel Cost of System Net Generation (A3)	78,896,208	93,407,461	(14,511,253) (15.5)		3,784,458	4,329,539	(545,081) (12.6)		2.08474	2.15745	(0.07271) (3.4)	
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	
4a. Adj. to Fuel Cost (Fl. Heade/Wauch. Wheeling Losses)	(7,240)	(9,000)	1,760 (19.6)		3,784,458 (a)	4,329,539 (a)	(545,081) (12.6)		(0.00019)	(0.00021)	0.00002 (9.5)	
4b. Adjustments to Fuel Cost	0	0	0 0.0		3,784,458 (a)	4,329,539 (a)	(545,081) (12.6)		0.00000	0.00000	0.00000 0.0	
4c. Adjustments to Fuel Cost	0	0	0 0.0		3,784,458 (a)	4,329,539 (a)	(545,081) (12.6)		0.00000	0.00000	0.00000 0.0	
5. TOTAL COST OF GENERATED POWER (LINES 1 THROUGH 4c)	78,888,968	93,398,461	(14,509,493) (15.5)		3,784,458	4,329,539	(545,081) (12.6)		2.08455	2.15724	(0.07269) (3.4)	
6. Fuel Cost of Purchased Power - Firm (A7)	7,078,918	2,488,500	4,590,418 184.5		292,038	66,156	225,882 341.4		2.42397	3.76156	(1.33759) (35.6)	
7. Energy Cost of Sch. C, I Economy Purchases (Broker) (A9)	78,417	61,300	17,117 27.9		2,346	2,053	293 14.3		3.34258	2.98587	0.35671 11.9	
8. Energy Cost of Other Economy Purchases (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 (a)	0 0.0		0.00000	0.00000	0.00000 0.0	
11. Payments to Qualifying Facilities (A8)	2,189,387	2,114,200	75,187 3.6		113,010	115,526	(2,516) (2.2)		1.93734	1.83006	0.10728 5.9	
12. TOTAL COST OF PURCHASED POWER (LINES 6 THROUGH 11)	9,346,722	4,664,000	4,682,722 100.4		407,394	183,735	223,659 121.7		2.29427	2.53844	(0.24417) (9.6)	
13. TOTAL AVAILABLE MWH (LINE 5 + LINE 12)					4,191,852	4,513,274	(321,422) (7.1)					
14. Fuel Cost of Economy Sales (A6)	837,664	7,053,100	(6,215,436) (88.1)		52,673	495,501	(442,828) (89.4)		1.59031	1.42343	0.16688 11.7	
15. Gain on Economy Sales - 80% (A6)	102,281	2,071,520	(1,969,239) (95.1)		52,673	495,501 (a)	(442,828) (89.4)		0.19418	0.41807	(0.22389) (53.6)	
16. Fuel Cost of Sch. D Separ. Sales (A6)	1,183,987	1,423,000	(239,013) (16.8)		93,294	92,343	951 1.0		1.26909	1.54099	(0.27190) (17.6)	
17. Fuel Cost of Sch. D Jurisd. Sales (A6)	182,166	264,600	(82,434) (31.2)		11,233	16,998	(5,765) (33.9)		1.62170	1.55665	0.06505 4.2	
18. Fuel Cost of Sch. G Jurisd. Sales (A6)	0	0	0 0.0		0	0	0 0.0		0.00000	0.00000	0.00000 0.0	
19. Fuel Cost of Sch. J Jurisd. Sales (A6)	63,586	141,600	(78,014) (55.1)		2,728	8,478	(5,750) (67.8)		2.33087	1.67021	0.66066 39.6	
20. Fuel Cost of MPP Sch. D Separ. Sales (A6)	701,499	301,800	399,699 132.4		28,917	12,832	16,085 125.4		2.42591	2.35193	0.07398 3.1	
21. Fuel Cost of Other Power Sales (A6)	0	0	0 0.0		0	0	0 0.0		0.00000	0.00000	0.00000 0.0	
22. TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 14 + 15 + 16 + 17 + 18 + 19 + 20 + 21)	3,071,183	11,255,620	(8,184,437) (72.7)		188,845	626,152	(437,307) (69.8)		1.62630	1.79759	(0.17129) (9.5)	
23. Net Inadvertent Interchange					(97)	0	(97) 0.0					
24. Wheeling Rec'd. less Wheeling Del'd.					2,603	0	2,603 0.0					
25. Interchange and Wheeling Losses					5,913	9,500	(3,587) (37.8)					
26. TOTAL FUEL AND NET POWER TRANSACTIONS (LINE 5 + 12 - 22 + 23 + 24 - 25)	85,164,507	86,806,841	(1,642,334) (1.9)		3,999,600	3,877,622	121,978 3.1		2.12933	2.23866	(0.10933) (4.9)	
27. Net Unbilled	(3,393,833) (a)	(1,997,265) (a)	(1,396,568) 69.9		(159,385)	(89,217)	(70,168) 78.6		(0.08485)	(0.05151)	(0.03334) 64.7	
28. Company Use	248,110 (a)	228,343 (a)	19,767 8.1		11,652	10,200	1,452 14.2		0.00622	0.00607	0.00015 2.5	
29. T & D Losses	3,338,278 (a)	4,305,503 (a)	(967,225) (22.5)		156,776	192,325	(35,549) (18.5)		0.08365	0.11438	(0.03073) (26.9)	
30. System MWH Sales	85,164,507	86,806,841	(1,642,334) (1.9)		3,990,557	3,764,314	226,243 6.0		2.13415	2.30605	(0.17190) (7.5)	
31. Wholesale MWH Sales	(475,114)	(260,138)	(214,976) 82.6		(21,911)	(11,395)	(10,516) 92.3		2.16838	2.28291	(0.11453) (5.0)	
32. Jurisdictional MWH Sales	84,689,393	86,546,703	(1,857,310) (2.1)		3,968,646	3,752,919	215,727 5.7		2.13396	2.30612	(0.17216) (7.5)	
33. Jurisdictional Loss Multiplier - 1.00013												
34. Jurisdictional MWH Sales Adjusted for Line Losses	84,700,402	86,557,954	(1,857,552) (2.1)		3,968,646	3,752,919	215,727 5.7		2.13424	2.30642	(0.17218) (7.5)	
35. Peabody Coal Contract Buy-Out Amort. Jurisdictionalized	1,227,670	1,230,526	(2,856) (0.2)		3,968,646	3,752,919	215,727 5.7		0.03093	0.03279	(0.00186) (5.7)	
36. Adjustment - Oil Below the Discharge Valve	(2,283)	0	(2,283) 0.0		3,968,646	3,752,919	215,727 5.7		(0.00006)	0.00000	(0.00006) 0.0	
37. True-up *	(4,004,369)	(4,004,369)	0 0.0		3,968,646	3,752,919	215,727 5.7		(0.10090)	(0.10670)	0.00580 (5.4)	
38. Total Jurisdictional Fuel Cost (Excl. GPIF)	81,921,420	83,784,111	(1,862,691) (2.2)		3,968,646	3,752,919	215,727 5.7		2.06422	2.23251	(0.16829) (7.5)	
39. Revenue Tax Factor									1.00083	1.00083	0.00000 0.0	
40. Fuel Cost Adjusted for Taxes (Excl. GPIF)									2.06593	2.23436	(0.16843) (7.5)	
41. GPIF * (Already Adjusted for Taxes)	181,773	181,773	0 0.0		3,968,646	3,752,919	215,727 5.7		0.00458	0.00484	(0.00026) (5.4)	
42. Fuel Cost Adjusted for Taxes (Incl. GPIF)	82,103,193	83,965,884	(1,862,691) (2.2)		3,968,646	3,752,919	215,727 5.7		2.07051	2.23920	(0.16869) (7.5)	
43. Fuel FAC Rounded to the Nearest .001 cents per kWh									2.071	2.239	(0.168) (7.5)	

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

5

CALCULATION OF TRUE-UP AND INTEREST PROVISION
TAMPA ELECTRIC COMPANY
MONTH OF: DECEMBER, 1998
CURRENT MONTH

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
C. TRUE-UP CALCULATION								
1. JURISDICTIONAL FUEL REVENUE	29,110,881	26,228,231	2,882,650	11.0	91,574,696	83,625,591	7,949,105	9.5
2. FUEL ADJUSTMENT NOT APPLICABLE	0	0	0	0.0	0	0	0	0.0
a. TRUE-UP PROVISION	1,334,789	1,334,789	0	0.0	4,004,369	4,004,369	0	0.0
b. INCENTIVE PROVISION	60,591	60,591	0	0.0	181,773	181,773	0	0.0
c. TRANSITION ADJUSTMENT	0	0	0	0.0	0	0	0	0.0
d. OTHER	0	0	0	0.0	0	0	0	0.0
3. JURIS. FUEL REVENUE APPL. TO PERIOD	30,506,261	27,623,611	2,882,650	10.4	95,760,838	87,811,733	7,949,105	9.1
4. ADJ. TOTAL FUEL & NET PWR. TRANS. (LINE A-7)	26,681,450	28,374,197	(1,692,747)	(6.0)	85,164,507	86,806,841	(1,642,334)	(1.9)
5. JURISDIC. SALES- % TOTAL KWH SALES (LINE B-4)	0.9981672	0.9979531	0.0002141	0.0	NA	NA	-	-
6. JURISDIC. TOTAL FUEL & NET PWR. TRANS.	26,632,548	28,316,118	(1,683,570)	(5.9)	84,689,393	86,546,703	(1,857,310)	(2.1)
6A. JURISDIC. LOSS MULTIPLIER	1.00013	1.00013	0.0000	0.0	NA	NA	-	-
6B. (LINE 6 x LINE 6A)	26,636,010	28,319,799	(1,683,789)	(5.9)	84,700,402	86,557,954	(1,857,552)	(2.1)
6C. PEABODY COAL CONTRACT BUY-OUT AMORT.	408,868	408,868	0	0.0	1,234,197	1,234,197	0	0.0
6D. (LINE 6C x LINE 5)	408,119	408,031	88	0.0	1,227,670	1,230,526	(2,856)	(0.2)
6E. FUEL CREDIT DIFFERENTIAL -FMPA	0	0	0	0.0	0	0	0	0.0
6F. OTHER ADJ. (OIL BELOW DISCHG. VALVE)	2,639	0	2,639	0.0	(2,283)	0	0	0.0
6G. JURISDIC. TOTAL FUEL & NET PWR. TRANS. INCL. PEABODY AND ADJUSTMENTS	27,046,768	28,727,830	(1,681,062)	(5.9)	85,925,789	87,788,480	(1,862,691)	(2.1)
7. TRUE-UP PROV. FOR MO. +/- COLLECTED (LINE C-3 - LINE C-6G)	3,459,493	(1,104,219)	4,563,712	(413.3)	9,835,049	23,253	9,811,796	42,195.8
8. INTEREST PROVISION FOR THE MONTH	52,075	6,392	45,683	714.7	127,914	42,057	85,857	204.1
9. TRUE-UP & INT. PROV. BEG. OF MONTH	10,910,856	2,444,512	8,466,344	346.3	NOT APPLICABLE			
9a. DEFERRED TRUE-UP BEGINNING OF PERIOD	53,414	53,414	0	0.0	NOT APPLICABLE			
10. TRUE-UP COLLECTED (REFUNDED)	(1,334,789)	(1,334,789)	0	0.0	NOT APPLICABLE			
11. END OF PERIOD TOTAL NET TRUE-UP (LINE C-7 through C-10)	13,141,049	65,310	13,075,739	20,021.0	NOT APPLICABLE			