

STATE OF FLORIDA

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

Public Service Commission

May 6, 1999

Ms. Angela Llewellyn
Tampa Electric Company
P. O. Box 111
Tampa, FL 33601-0111

**Re: Docket No. 990001-EI; Tampa Electric Company
Capacity Cost Recovery Audit Report - Audit Control No. 99-025-2-1**

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

DNV/

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

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

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FLORIDA PUBLIC SERVICE COMMISSION

**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING**

TAMPA DISTRICT OFFICE

TAMPA ELECTRIC COMPANY

CAPACITY COST RECOVERY AUDIT

FOR THE NINE MONTHS ENDED DECEMBER 31, 1998

**DOCKET NO. 990001-E1
AUDIT CONTROL NO. 99-025-2-1**

A handwritten signature in cursive script, appearing to read "Simon O. Ojeda", written over a horizontal line.

Simon O. Ojeda, Audit staff

A handwritten signature in cursive script, appearing to read "Joseph W. Rohrbacker", written over a horizontal line.

Joseph W. Rohrbacker, Audit Manager

A handwritten signature in cursive script, appearing to read "James A. McPherson", written over a horizontal line.

James A. McPherson, Tampa District Supervisor

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

APRIL 12, 1999

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Capacity Cost Recovery True-up schedules for the historical nine month period ended December 31, 1998 for Tampa Electric Company. These schedules were prepared by the Utility as part of its petition for cost recovery in Docket 990001-EE. There is no confidential information associated with this audit, and there are no audit staff minority opinions.

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 this report:

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.

REVENUE: Compiled Capacity Cost Recovery (CCR) revenue and agreed to the filing. Recomputed CCR revenues using approved FPSC rate factors and company-provided KWH sales. Reconciled Utility "revenue recap" report to the general ledger on a test basis. Judgementally selected a sample of customer bills (from Fuel Clause Audit) to verify the proper CCR revenue rate was charged.

EXPENSES: Compiled capacity costs. Agreed capacity costs to Tampa Electric Company billing statements. Identified costs by vendor. Performed audit test work of capacity cost payments to verify that Qualifying Facilities were paid according to contract for electric power supplied to the utility.

TRUE-UP: Recomputed CCR true-up and interest using FPSC approved amounts and interest rates.

OTHER: Performed analytical review on capacity costs and recovery revenues as an aid in determining scope and level of risk of the audit. Reviewed notes from reading Board of Director's Minutes and outside auditor workpapers.

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD APRIL, 1998 THROUGH DECEMBER 1998

	(1) ACTUAL APRIL	(2) ACTUAL MAY	(3) ACTUAL JUNE	(4) ACTUAL JULY	(5) ACTUAL AUGUST	(6) ACTUAL SEPTEMBER	TOTAL APR.-SEPT. 1998	(7) ACTUAL OCTOBER	(8) ACTUAL NOVEMBER	(9) ACTUAL DECEMBER	TOTAL OCT.-DEC. 1998
1. UNIT POWER CAPACITY CHARGES	\$1,116,916	\$1,124,117	\$1,116,916	\$1,116,916	\$1,116,916	\$1,116,916	\$6,708,707	\$1,116,916	\$935,652	\$1,127,607	\$3,179,167
2. CAPACITY PAYMENTS TO COGENERATORS	1,079,660	1,079,660	1,079,660	1,079,660	1,079,660	1,079,660	6,477,960	1,079,660	1,079,660	1,079,660	3,238,950
3. EMERGENCY CAPACITY CHARGES	0	0	0	0	0	0	0	0	0	0	0
4. (CAPACITY REVENUES)	(150,129)	(138,205)	(97,717)	(101,650)	(138,133)	(105,809)	(730,661)	(84,349)	(93,160)	(92,438)	(238,958)
5. TOTAL CAPACITY CHARGES - CURRENT PERIOD	\$2,046,439	\$2,067,562	\$2,098,651	\$2,094,906	\$2,058,436	\$2,089,766	\$12,455,966	\$2,112,219	\$1,917,152	\$2,144,816	\$5,174,139
6. JURISDICTIONAL PERCENTAGE	98.45438%	98.45438%	98.45438%	98.45438%	98.45438%	98.45438%	-	98.45438%	98.45438%	98.45438%	-
7. JURISDICTIONAL CAPACITY PAYMENTS	\$2,015,013	\$2,038,812	\$2,065,621	\$2,062,739	\$2,025,825	\$2,047,666	\$12,384,676	\$2,079,783	\$1,887,683	\$2,111,852	\$5,079,328
8. CAPACITY COST RECOVERY REVENUES (NET OF REVENUE TAXES)	1,641,718	1,738,758	2,257,278	2,416,483	2,263,758	2,304,333	12,922,398	2,109,481	1,748,239	1,807,270	5,564,979
9. PRIOR PERIOD TRUE-UP PROVISION	(49,797)	(49,797)	(49,797)	(49,797)	(49,797)	(49,797)	(298,782)	(107,464)	(107,464)	(107,463)	(322,391)
10. CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (NET OF REVENUE TAXES)	\$1,591,921	\$1,688,961	\$2,207,481	\$2,366,686	\$2,213,961	\$2,254,536	\$12,323,574	\$2,001,997	\$1,640,775	\$1,699,807	\$5,342,579
11. TRUE-UP PROVISION FOR MONTH - OVER/ (UNDER) RECOVERY (LINE 10 - LINE 7)	(\$423,032)	(\$346,650)	\$140,650	\$308,917	\$187,433	\$108,857	\$58,825	(\$77,786)	(\$240,888)	(\$42,075)	(\$738,749)
12. INTEREST PROVISION FOR MONTH	(3,846)	(5,388)	(5,895)	(4,481)	(3,108)	(1,945)	(24,464)	(1,281)	(11,565)	(2,801)	(5,347)
13. TRUE-UP & INTEREST PROVISION BEGINNING OF MONTH - OVER(UNDER) RECOVERY	(298,782)	(675,853)	(979,366)	(793,343)	(644,140)	(210,286)	(298,782)	(322,391)	(253,994)	(434,983)	(322,391)
14. DEFERRED TRUE-UP - OVER(UNDER) RECOVERY	(347,147)	(347,147)	(347,147)	(347,147)	(347,147)	(347,147)	(347,147)	0,675	0,675	0,675	0,675
15. PRIOR PERIOD TRUE-UP PROVISION - COLLECTED(REFUNDED) THIS MONTH	49,797	49,797	49,797	49,797	49,797	49,797	298,782	107,464	107,464	107,463	322,391
16. END OF PERIOD TRUE-UP - OVER(UNDER) RECOVERY (SUM OF LINES 11 - 15)	(\$1,023,010)	(\$1,325,452)	(\$1,140,490)	(\$791,257)	(\$857,435)	(\$312,118)	(\$312,118)	(\$284,318)	(\$425,368)	(\$732,421)	(\$738,421)

TAMPA ELECTRIC COMPANY
 CAPACITY COST RECOVERY CLAUSE
 CALCULATION OF INTEREST PROVISION
 FOR THE PERIOD APRIL 1988 THROUGH DECEMBER 1988

	(1) ACTUAL APRIL	(2) ACTUAL MAY	(3) ACTUAL JUNE	(4) ACTUAL JULY	(5) ACTUAL AUGUST	(6) ACTUAL SEPTEMBER	(7) ACTUAL OCTOBER	(8) ACTUAL NOVEMBER	(9) ACTUAL DECEMBER	(10) TOTAL
1. BEGINNING TRUE-UP AMOUNT	(645,928)	(1,029,010)	(1,325,452)	(1,140,489)	(791,257)	(557,435)	(312,716)	(284,319)	(425,308)	N/A
2. ENDING TRUE-UP AMOUNT BEFORE INTEREST	(1,019,164)	(1,320,063)	(1,134,798)	(786,778)	(554,327)	(310,771)	(283,038)	(423,743)	(729,920)	N/A
3. TOTAL BEGINNING & ENDING TRUE-UP AMOUNT (LINES 1 + 2)	(1,665,093)	(2,349,073)	(2,460,267)	(1,927,266)	(1,345,584)	(868,206)	(595,754)	(708,062)	(1,155,228)	N/A
4. AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(832,547)	(1,174,537)	(1,230,124)	(963,633)	(672,792)	(434,103)	(297,877)	(354,031)	(577,614)	N/A
5. INT. RATE % - FIRST DAY REP. BUS. MONTH	5.550	5.530	5.500	5.600	5.560	5.520	5.220	5.100	5.500	N/A
6. INT. RATE % - FIRST DAY SUBSEQUENT MONTH	5.530	5.500	5.600	5.560	5.520	5.220	5.100	5.500	4.900	N/A
7. TOTAL (LINE 5 + LINE 6)	11.080	11.030	11.100	11.160	11.080	10.740	10.320	10.600	10.400	N/A
8. AVERAGE INT. RATE % (50% OF LINE 7)	5.540	5.515	5.550	5.580	5.540	5.370	5.160	5.300	5.200	N/A
9. MONTHLY AVG. INT. RATE % (LINE 8/12)	0.462	0.460	0.463	0.465	0.462	0.448	0.430	0.442	0.433	N/A
10. INT. PROVISION (LINE 4 X LINE 9)	(3,845)	(5,388)	(5,685)	(4,401)	(3,108)	(1,845)	(1,281)	(1,505)	(2,501)	(29,811)

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