

State of Florida

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TIMOTHY DEVLIN, Director  
Auditing & Financial Analysis  
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Public Service Commission

MEMORANDUM  
February 10, 1995

TO: DIVISION OF RECORDS AND REPORTING  
FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*  
RE: REVISED PAGES TO AUDIT REPORT AND WORKING PAPERS  
TAMPA ELECTRIC COMPANY - PERIOD ENDED 09/30/94  
DOCKET NO. 950002-EG (TRANSMITTED AS 940002-EG ON  
12/22/94) AUDIT CONTROL NO. 94-154-2-2

*X - neg. DN 4*

Please incorporate the following revised pages into the audit report as appropriate:

*1.2332-44*

- W/P 1 Pages 6 & 7

The following revised audit working papers have been incorporated into the original working papers on file with the Bureau of Auditing:

- W/P 40 Reconciliation of Staff and Company - True-Up Amounts
- W/P 40-1 True-Up and Calculation of Interest Provision
- W/P 43 Total Expense by Program by March
- W/P 43-1 Summary of Depreciation and Return on Investment - ECCR Assets
- W/P 44-1 Staff Calculation of Monthly Expenses
- W/P 51 Reconciliation between Company and Staff - Depreciation and Return on Investment
- W/P's 51-3 Staff Computation of Investment, Depreciation and Return  
51-3/4  
51-3/5

DOCUMENT NUMBER-DATE  
01678 FEB 13 1995  
FPSC DIVISION OF RECORDS AND REPORTING

7

Memorandum - Records and Reporting

Tampa Electric

February 10, 1995

- 2 -

Please forward copies of the revised pages, along with a copy of this memorandum to:

Tampa Electric Company

R. D. Chapman

Post Office Box 111

Tampa, FL 33601-0111

DV/sp

Attachments - 2 Pages

cc: Chairman Clark

Commissioner Deason

Commissioner Garcia

Commissioner Johnson

Commissioner Kiesling

Mary Andrews Bane, Deputy Executive Director/Technical

Legal Services

Division of Auditing and Financial Analysis

(Devlin/Causseaux/File Folder)

Division of Electric and Gas (Brady)

Tampa District Office (Bouckaert)

Office of Public Counsel

\* In a response to a document/record request, Company stated that "During the preparation of the true-up filing for the period ended 9/30/94 it was discovered by the company that retroactive adjustments to load management asset transactions were made incorrectly in the month of January 1994. Since these errors were noted subsequent to the final closing of the September 1994 conservation data, the company did not alter the true-up filing. We will post the adjustment for these items in the November 1994 conservation data (i.e. in the month during which they were noted)."

**AUDITOR OPINION:**

Company's non-compliance with Commission Order (annual retirements instead of monthly retirements) was discovered and noted in the audit period beginning 10/1/92. Auditor theorizes that the correction of this non-compliance should also be effective 10/1/92, and that a prospective adjustment should not be made to restate the monthly depreciation and ROI of periods prior to 10/1/92.

As such, the auditor has recomputed balances for Net Investments, and Depreciation - Accumulated and Expense for the period 10/1/92 through 9/30/94. These balances are based upon auditor revised amounts for investments and retirements as extracted from ECCR filings for this period.

In several instances audit staff's computation contained amounts for retirement and investment that differed from Company amounts. As a result, audit staff computed balances for net investment, depreciation expense and accumulated depreciation different from Company computed amounts.

Differences between Company balances and audit staff balances are as follows:

	Company	Audit Staff	Difference
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Cum. Investment 9/30/93	4,772,679	4,571,399	201,280 (1)
Acc. Depreciation 9/30/93	2,914,768	2,847,732	
Cum. Investment 9/30/94	4,894,590	4,693,310	201,280 (1)
Acc. Depreciation 9/30/94	2,875,434	2,768,143	
(1) Company Retirements (1/93-3/93)		298,030	
Adt Stf Retirements (1/93-3/93)		499,310	
		-----	
	Difference	201,280	
		=====	

As a result of the differences in cumulative investment and accumulated depreciation as of 9/30/93, audit staff computations for depreciation expense and return on investment differ from those of Company.

Audit staff totals are as follows:

Depreciation Expense (10/93-9/94)	\$ 929,884
Return on Investment (10/93-9/94)	198,778
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Total Depr & ROI (10/93-9/94)	\$1,128,662
Depreciation Expense (10/92-9/93)	( 164,622)
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Total Depr & ROI	\$ 964,040
	=====

Differences between Company and audit staff:

Depreciation & Return (10/93-9/94)	\$ 70,895
Depreciation & Return (1-9/92, 10-12/94)	( 414,615)
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Total difference	(\$ 343,720)
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**COMPANY COMMENT VERBATIM:**

"Tampa Electric Company agrees with the Auditor Opinion that an adjustment should not be made to restate monthly depreciation and ROI in periods prior to 10/1/92.

During the 10/1/92 - 9/30/93 audit, the auditor took exception to the January 1993 retirement of 1987 additions - leading to the company's change to monthly retirements. Initially, the company believed that restating data from 1/1/92 (the first month of 1987 retirements) forward would be an accurate and complete response to the auditor's instructions.

However, the Commission Staff's position that the company should not adjust any data from prior to the audit period is valid. All that remains is for the company to work with Staff to determine the proper method for calculating the audit period adjustment.