

MEMORANDUM

July 2, 1998

ORIGINAL

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*

RE: DOCKET NO. 980007-EI -- TAMPA ELECTRIC COMPANY
AUDIT REPORT - ENVIRONMENTAL COST - 12 MONTHS ENDED MARCH 31, 1998
AUDIT CONTROL NO. 98-013-2-1

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

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

DNV/sp

Attachment

cc: Chairman Johnson
Commissioner Clark
Commissioner Deason
Commissioner Garcia
Commissioner Jacobs
Mary Andrews Bane, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin/Causseaux/
File Folder)
Division of Electric and Gas (Tew)
Tampa District Office (McPherson)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE

06995 JUL-28

FF-80-RECORDS/REPORTING

State of Florida

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



TAMPA DISTRICT OFFICE
9950 PRINCESS PALM AVENUE
REGISTRY 2
SUITE 310
TAMPA, FLORIDA 33619
(813) 744-6093
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Public Service Commission

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING*

Tampa District Office

TAMPA ELECTRIC COMPANY

Environmental Cost Recovery Clause Audit

FOR THE TWELVE MONTHS ENDED MARCH 31, 1998

**cket Number 980007-EI
Audit Control Number 98-013-2-1**

A handwritten signature in black ink, appearing to read "J. W. Rohrbacher".

**Joseph W. Rohrbacher
Audit Manager**

A handwritten signature in black ink, appearing to read "James A. McPherson".

**James A. McPherson
Regulatory Analyst Supervisor**

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

JUNE 25, 1998

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the Environmental Cost Recovery Clause (ECRC) schedules for the six month periods ended September 30, 1997 and March 31, 1998 prepared by Tampa Electric Company. These schedules were prepared by the utility in support of Docket No. 980007-EI. 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 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.

REVENUES: Compiled Environmental Cost Recovery Clause (ECRC) revenue and agreed to the filing. Recomputed revenues using approved FPSC rate factors and company provided KWH sales.

EXPENSES: Compiled ECRC expenses and agreed to the filing. Judgementally sampled O&M expenses to verify that they were recoverable pursuant to Order No. PSC-94-0044-FOF-EI. Recomputed allocations of expenses for Big Bend 3 Fuel Gas Desulfurization (BB3 FGD) Integration. Verified SO2 Emission Allowances.

CAPITAL INVESTMENT: Scheduled capital investment for the ECRC projects. Reconciled depreciation rates used by utility to FPSC approved rates. Recomputed depreciation expense and accumulation and agreed to the filing. Recalculated recoverable costs on capital investment.

TRUE-UP: Recomputed ECRC true-up and interest calculation using FPSC approved amounts and interest rates. Recomputed energy and demand separation percentages.

Tampa Electric Company
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-Up Amount for the Period
April 1997 to September 1997

End-of-Period True-Up Amount
(in Dollars)

Line	April 1997	May 1997	June 1997	July 1997	August 1997	September 1997	End of Period Total
1	\$372,541	\$387,363	\$456,868	\$478,249	\$459,168	\$483,733	\$2,637,942
2	(39,862)	(39,862)	(39,862)	(39,862)	(39,862)	(39,864)	(739,294)
3	332,659	347,481	417,006	438,367	419,286	443,849	2,398,648
4							
a.	218,647	286,164	373,317	311,933	478,117	524,110	2,202,288
b.	149,598	149,529	148,746	145,424	145,945	147,990	887,230
c.	368,243	435,693	522,063	457,357	624,052	682,100	3,089,518
5	(35,584)	(88,212)	(105,057)	(19,990)	(204,776)	(238,251)	(690,670)
6	1,355	1,298	1,139	1,132	891	131	5,946
7	(239,294)	133,545	98,028	55,546	97,578	(46,080)	(739,294)
8	156,449	155,449	156,449	156,449	156,449	156,449	156,449
9	39,882	39,882	39,882	39,882	39,882	39,884	239,294
10	(77,192)	242,982	190,441	234,019	90,024	(67,867)	(528,475)
11	297,302	0	0	0	0	0	297,302
	69,894	11,515	21,554	20,008	20,345	17,123	160,429
	\$269,994	\$254,477	\$211,965	\$254,027	\$110,369	(\$70,744)	(\$70,744)

Tampa Electric Company
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-Up Amount for this Period
October 1997 to March 1998

End-of-Period True-Up Amount
 (in Dollars)

Line	October-97	November-97	December-97	January-98	February-98	March-98	End of Period Total
1	\$710,245	\$593,828	\$805,479	\$648,824	\$585,992	\$585,028	\$3,739,192
2	(114,516)	(114,516)	(114,516)	(114,516)	(114,516)	(114,517)	(687,087)
3	595,729	479,310	490,953	534,108	471,476	480,509	3,052,095
4							
a.	535,786	475,529	400,189	290,139	251,133	341,985	2,294,741
b.	147,338	146,886	144,208	148,169	149,043	152,074	887,695
c.	663,124	622,195	544,397	438,305	400,178	494,059	3,182,295
5	(97,395)	(142,985)	(53,434)	95,803	71,300	(13,530)	(130,141)
6	(284)	(289)	(199)	439	1,343	2,018	3,068
7	(687,097)	(680,240)	(688,878)	(627,995)	(417,237)	(230,078)	(687,097)
a.	618,353	618,353	618,353	618,353	618,353	618,353	618,353
8	114,516	114,516	114,516	114,516	114,516	114,517	687,097
9	(43,987)	(72,525)	(11,642)	199,116	386,275	489,280	489,280
10	0	0	0	0	0	0	0
11	(\$43,987)	(\$72,525)	(\$11,642)	\$199,116	\$386,275	\$489,280	\$489,280

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STATE OF FLORIDA

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



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

July 6, 1998

Angela Llewellyn, Regulatory Affairs
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33601-0111

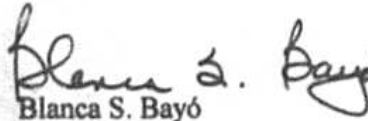
Re: Docket No. 980007 - EI - Tamp Electric Company
Audit Report - Environmental Cost - 12 Months Ended March 31, 1998
Audit Control # 98-013-2-1

Dear Ms. Llewellyn:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above case will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayó

BSB/ABF
Enclosure

cc: Public Counsel
Division of Audit and Financial Analysis
James Beasley