

MEMORANDUM

DECEMBER 30, 1998

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 980002-EG -- TAMPA ELECTRIC COMPANY
AUDIT REPORT - CONSERVATION - SIX MONTHS ENDED MARCH 31, 1998
AUDIT CONTROL NO. 98-173-2-1

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 (Colson)
Tampa District office (McPherson)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

State of Florida



Public Service Commission

DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING

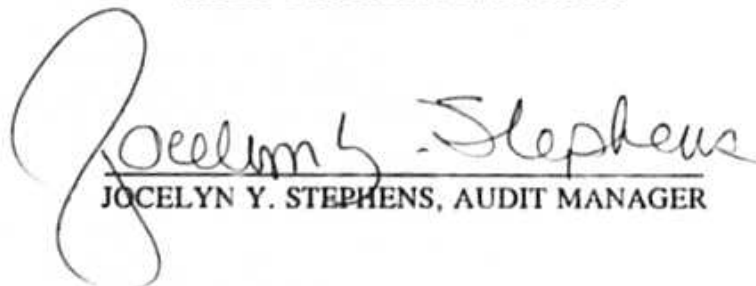
TAMPA DISTRICT OFFICE

TAMPA ELECTRIC COMPANY

ENERGY CONSERVATION COST RECOVERY AUDIT

SIX MONTHS ENDED MARCH 31, 1998

DOCKET NO. 980002-EG
AUDIT CONTROL NO. 98-173-2-1


JOCELYN Y. STEPHENS, AUDIT MANAGER

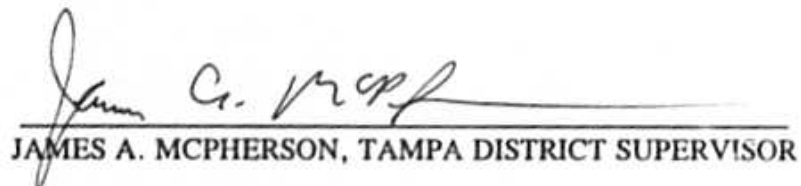

JAMES A. MCPHERSON, TAMPA DISTRICT SUPERVISOR

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

DECEMBER 15, 1998

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Energy Conservation Cost Recovery (ECCR) schedules for the six-month period ended March 31, 1998, for Tampa Electric Company. These schedules were prepared by the utility as part of its petition for rate relief in Docket No. 980002-EG. 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.

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

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

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger accounts balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

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

ECCR REVENUES: Verified Company's "Calculation of Revenues" schedules for October 1997 thru March 1998. Compiled ECCR Revenues. Scanned Optional Provision Revenues. Tested a judgmental selection of customer bills for application of correct Conservation billing rates.

ECCR EXPENSES: Compiled ECCR Program Expenses. Verified the calculation of Depreciation and Return on Investment for the Prime Time and Commercial and Industrial (C & I) Load Management Programs. Reviewed ECCR Payroll Expense. Agreed selected payroll, per ECCR filing, to the Employers' Quarterly Federal Tax Return (Form 941). Reviewed advertising expense. Obtained advertising copy of bill inserts and direct mailings. Verified ad copy of advertising invoices. Reviewed ECCR Capital Investments. Traced selected general ledger activity to vendor invoices and major material issue schedules. Scanned major material issue schedules content and amount.

ECCR TRUE-UP: Recomputed ECCR True-Up balance for the six months ended March 31, 1998.

TAMPA ELECTRIC COMPANY
Actual Conservation Program Costs per Program
Actual for Months October 1997 through March 1998

Program Name	(A) Capital Investment	(B) Payroll & Benefits	(C) Materials & Supplies	(D) Outside Services	(E) Advertising	(F) Incentives	(G) Vehicles	(H) Other	(I) Program Revenues	(J) Total
1. Heating and Cooling	0	30,241	0	2,741	123,206	961,950	354	0	0	1,118,492
2. Prime Time (1)	122,144	300,341	102,777	51,037	2,320	5,342,423	24,735	10,763	0	5,956,540
3. Energy Audits	0	296,401	474	259,755	5,962	(2,014)	25,074	1,124	0	580,776
4. Cogeneration	0	129,126	0	0	0	0	3,967	0	0	133,093
5. Ceiling Insulation	0	29,541	2,401	995	0	177,046	2,010	0	0	211,993
6. C & I Load Management (2)	6,096	3,766	0	416	0	9,094	629	0	0	20,001
7. Commerical Lighting	0	15,778	0	0	0	249,568	597	0	0	265,943
8. Standby Generator	0	12,654	28	746	0	295,737	833	0	0	309,998
9. Conservation Value	0	106	0	0	0	0	6	0	0	112
10. Duct Repair	0	53,634	1,259	116,698	32,115	176,408	9,093	1,070	0	390,277
11. Builder Awareness	0	0	0	0	0	0	0	0	0	0
12. DSM Commercial R&D	0	5,323	89	5,800	0	0	145	0	0	11,357
13. Natural Gas R&D	0	258	0	0	0	0	0	0	0	258
14. Common Expenses	0	89,065	0	0	0	0	(1,605)	0	0	87,460
15. Total All Programs	<u>128,240</u>	<u>966,234</u>	<u>107,028</u>	<u>438,188</u>	<u>163,603</u>	<u>7,210,212</u>	<u>65,838</u>	<u>12,957</u>	<u>0</u>	<u>9,092,300</u>

(1) Includes an adjustment of (451,415) as noted on CT-4, page 1 of 2
(2) Includes an adjustment of 3,683 as noted CT-4, page 2 of 2

TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months October 1997 through March 1998

B. Description	October	November	December	January	February	March	Total
1. Residential Conservation Audit Fees (A)	0	0	0	0	0	0	0
2. Conservation Adjustment Revenues *	1,737,526	1,399,061	1,449,522	1,561,841	1,410,091	1,411,400	8,969,441
3. Total Revenues	1,737,526	1,399,061	1,449,522	1,561,841	1,410,091	1,411,400	8,969,441
4. Prior Period True-up	<u>177,852</u>	<u>177,852</u>	<u>177,852</u>	<u>177,852</u>	<u>177,852</u>	<u>177,852</u>	<u>1,067,112</u>
5. Conservation Revenue Applicable to Period	1,915,378	1,576,913	1,627,374	1,739,693	1,587,943	1,589,252	10,036,553
6. Conservation Expenses	<u>1,638,191</u>	<u>1,663,195</u>	<u>1,169,410</u>	<u>1,478,318</u>	<u>1,479,882</u>	<u>1,665,304</u>	<u>9,092,300</u>
7. True-up This Period (Line 5 - Line 6)	277,187	(86,282)	457,964	263,375	108,061	(76,052)	944,253
8. Interest Provision This Period	5,148	4,823	4,978	5,816	5,768	5,072	31,605
9. True-up & Interest Provision Beginning of Period	1,067,112	1,171,595	912,284	1,197,374	1,288,713	1,224,690	1,067,112
10. Prior Period True-up Collected (Refunded)	<u>(177,852)</u>	<u>(177,852)</u>	<u>(177,852)</u>	<u>(177,852)</u>	<u>(177,852)</u>	<u>(177,852)</u>	<u>(1,067,112)</u>
11. End of Period Total Net True-up	<u>1,171,595</u>	<u>912,284</u>	<u>1,197,374</u>	<u>1,288,713</u>	<u>1,224,690</u>	<u>975,858</u>	<u>975,858</u>

(A) Included in Line 6

* Net of Revenue Taxes

TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months October 1997 through March 1998

C.	Interest Provision	October	November	December	January	February	March	Total
1.	Beginning True-up Amount	1,067,112	1,171,595	912,284	1,197,374	1,288,713	1,224,690	
2.	Ending True-up Amount Before Interest	1,166,447	907,461	1,192,396	1,282,897	1,218,922	970,786	
3.	Total Beginning & Ending True-up	<u>2,233,559</u>	<u>2,079,056</u>	<u>2,104,680</u>	<u>2,480,271</u>	<u>2,507,635</u>	<u>2,195,476</u>	
4.	Average True-up Amount (50% of Line 3)	<u>1,116,780</u>	<u>1,039,528</u>	<u>1,052,340</u>	<u>1,240,136</u>	<u>1,253,818</u>	<u>1,097,738</u>	
5.	Interest Rate - First Day of Month	5.530%	5.530%	5.600%	5.750%	5.500%	5.530%	
6.	Interest Rate - First Day of Next Month	5.530%	5.600%	5.750%	5.500%	5.530%	5.550%	
7.	Total (Line 5 + Line 6)	<u>11.060%</u>	<u>11.130%</u>	<u>11.350%</u>	<u>11.250%</u>	<u>11.030%</u>	<u>11.080%</u>	
8.	Average Interest Rate (50% of Line 7)	<u>5.530%</u>	<u>5.565%</u>	<u>5.675%</u>	<u>5.625%</u>	<u>5.515%</u>	<u>5.540%</u>	
9.	Monthly Average Interest Rate (Line 8/12)	<u>0.461%</u>	<u>0.464%</u>	<u>0.473%</u>	<u>0.469%</u>	<u>0.460%</u>	<u>0.462%</u>	
10.	Interest Provision (Line 4 x Line 9)	<u>\$5,148</u>	<u>\$4,823</u>	<u>\$4,978</u>	<u>\$5,816</u>	<u>\$5,768</u>	<u>\$5,072</u>	<u>\$31,605</u>

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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

December 31, 1998

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

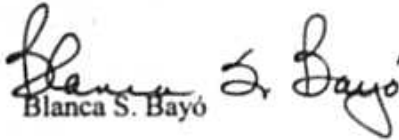
Re: Docket No. 980002 - EG - Tampa Electric Company
Audit Report - Conservation - Six Months Ended March 31, 1998
Audit Control # 98-173-2-1

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: Division of Audit and Financial Analysis
James Beasley, Esquire