

MEMORANDUM

July 12, 1993

TO: DIVISION OF RECORDS AND REPORTING  
FROM: DIVISION OF AUDIT AND FINANCE (VANDIVER) *W*  
RE: DOCKET NO. 930516-EI -- TAMPA ELECTRIC COMPANY  
AFUDC AUDIT REPORT - PERIOD ENDED 12/31/92  
CONTROL NO. 93-159-2-1

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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.

Audit working papers are available for review on request. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Tampa Electric Company  
Russell Chapman  
P. O. Box 111  
Tampa, FL 33601-0111

DNV/sp  
Attachment

cc: Chairman Deason  
Commissioner Beard  
Commissioner Clark  
Commissioner Johnson  
Commissioner Laredo  
Mary Andrews Bane, Deputy Executive Director/Technical  
Legal Services  
Division of Auditing and Financial Analysis (Devlin/Mailhot/  
Merta/File Folder)  
Division of Electric and Gas (Jenkins)  
Tampa District Office (Bouckaert)  
  
Office of Public Counsel

DOCUMENT NUMBER-DATE

07525 JUL 14 83

AFUDC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT REPORT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1992

Field Work Completed

July 2, 1993

TAMPA ELECTRIC COMPANY

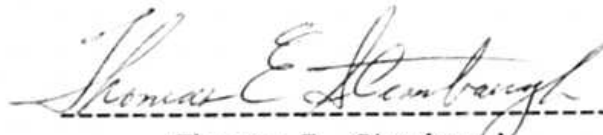
Tampa, Florida

Hillsborough County

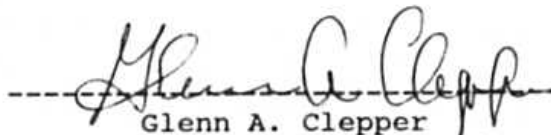
AFUDC Audit

Docket Number 930516-EI

Audit Control Number 93-159-2-1



Thomas E. Stambaugh  
Audit Manager



Glenn A. Clepper  
Regulatory Analyst Supervisor

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## I Executive Summary

**Audit Purpose:** We have applied the procedures described in Section II of this report to audit the appended schedules of Capital Structure Used for AFUDC Calculation, Capital Structure Adjustments and Methodology for Compounding AFUDC Rate prepared by Tampa Electric Company as of December 31, 1992 in support of Docket Number 930516-EI.

**Scope Limitation:** No audit exit conference was held for this audit. The audit is not based on any confidential information. The last contact with the company concerning this audit was on July 2, 1993.

**Disclaim Public Use:** This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must 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.

**Opinion:** The schedules of Capital Structure Used for AFUDC Calculation and Capital Structure Adjustments prepared by Tampa Electric Company as of December 31, 1992 in support of Docket Number 930516-EI represent utility books and records maintained in substantial compliance with Commission Directives. The schedule of Methodology for Compounding AFUDC Rate prepared by Tampa Electric Company as of December 31, 1992 in support of Docket Number 930516-EI is prepared in substantial compliance with Rule 25-6.0141 F.A.C. The expressed opinions extend only to the scope of work described in section II of this report.

II      Audit Scope:

The opinions contained in this report are based on the audit work described below. When used in this report COMPILED means that audit work includes:

COMPILED - means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity or inconsistency; and, except as otherwise noted performed no other audit work.

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CAPITAL STRUCTURE: Compiled cost components of Capital Structure as of December 31, 1992. Applied analytical review procedures to cost components of Capital Structure. Traced the cost rate of each capital component to support. Recalculated the weighted average cost of capital. Verified that the AFUDC rate calculation was done in accordance with Rule 25-6.0141 F.A.C.

OTHER: Analyzed the calculation and posting of "book and record" adjustments by utility resulting from the previous AFUDC audit (Docket 900072-EI) and from the most recent rate case audit (Docket 920324-EI).

SCHEDULE A

TAMPA ELECTRIC COMPANY  
 Capital Structure Used for AFUDC Calculation  
 As of December 31, 1992

	Adjusted Average Balance	Ratio	Cost Rate	Weighted Cost (%)
Long-Term Debt	\$500,578,496	27.57%	7.24%	2.00%
Preferred Stock	53,306,511	2.94%	6.49%	0.19%
Common Equity	782,125,834	43.08%	12.00%	5.17%
Customer Deposits	42,100,383	2.32%	8.02%	0.19%
Short-Term Debt	67,217,104	3.70%	4.00%	0.15%
Deferred Taxes	298,213,018	16.43%	-	-
Job Development Credits	71,855,042	3.96%	-	-
Total	<u>\$1,815,396,388</u>	<u>100.00%</u>		<u>7.70%</u>

TAMPA ELECTRIC COMPANY  
Capital Structure Adjustments  
As of December 31, 1992

	Unadjusted Average Balance Per Books	Common Dividends Declared	Non-Utility Items	Adjusted Average Balance Before Prorata
Long-Term Debt	\$527,715,272		(11,787,354)	\$515,927,918
Preferred Stock	54,956,000		(14,932)	54,941,068
Common Equity	798,142,265	8,183,026	(216,847)	806,108,444
Customer Deposits	43,433,291		(41,969)	43,391,322
Short-Term Debt	69,297,039		(18,832)	69,278,207
Deferred Taxes	302,381,137		1,741,159	304,122,296
Job Development Credits	73,297,449		(18,554)	73,278,895
Total	\$1,869,222,453	\$8,183,026	(\$10,357,329)	\$1,867,048,150

TAMPA ELECTRIC COMPANY  
Capital Structure Adjustments  
As of December 31, 1992

	Adjusted Average Balance Before Prorata	Company Prorata Adjustments	Commission Prorata Adjustments	Adjusted Average Balance
Long-Term Debt	\$515,927,918	(\$10,024,789)	(\$5,324,633)	\$500,578,496
Preferred Stock	54,941,068	(1,067,538)	(567,019)	53,306,511
Common Equity	806,108,444	(15,663,170)	(8,319,440)	782,125,834
Customer Deposits	43,391,322	(843,119)	(447,820)	42,100,383
Short-Term Debt	69,278,207	(1,346,117)	(714,986)	67,217,104
Deferred Taxes	304,122,296	(5,909,278)	-	298,213,018
Job Development Credits	73,278,895	(1,423,853)	-	71,855,042
Total	<u>\$1,867,048,150</u>	<u>(\$36,277,864)</u>	<u>(\$15,373,898)</u>	<u>\$1,815,396,388</u>



SCHEDULE C

TAMPA ELECTRIC COMPANY  
 Methodology for Compounding AFUDC Rate  
 As of December 31, 1992

Time Period	AFUDC Expenditures (\$)	AFUDC Base (\$)	Monthly AFUDC (\$)	Cumulative AFUDC (\$)
1	1.0	1.000000	0.006201	0.006201
2			0.006239	0.012440
3			0.006278	0.018718
4			0.006317	0.025035
5			0.006356	0.031391
6			0.006396	0.037787
7			0.006435	0.044222
8			0.006475	0.050697
9			0.006515	0.057212
10			0.006556	0.063768
11			0.006596	0.070364
12			0.006636	0.077000

Annual Rate (R) = .0770

Monthly Rate =  $((1 + R/12)^{(1/12)}) - 1 = .006201$

Commissioners:

J. TERRY DEASON, CHAIRMAN  
THOMAS M. BEARD  
SUSAN F. CLARK  
LUIS J. LAUREDO  
JULIA L. JOHNSON

State of Florida



STEVE TRIBBLE, Director  
Division of Records and Reporting  
(904) 488-8371

# Public Service Commission

July 14, 1993

Tampa Electric Company  
Russell Chapman  
P. O. Box 111  
Tampa, FL 33601-0111

Dear Mr. Chapman:

Docket No. 930516-EI - Tampa Electric Company  
AFUDC Audit Report - Period Ended 12/31/92

The enclosed report is forwarded for your review.

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

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Steve Tribble".

Steve Tribble

ST/DNV/sp

Enclosure

cc: Public Counsel

Ausley Law Firm  
Lee Willis  
P.O. Box 391  
Tallahassee, FL 32302