

State of Florida



*Public Service Commission*

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

---

**DATE:** May 6, 2020  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 20200001-EI  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: A3a: Capacity Cost Recovery Clause  
Audit Control No: 2020-007-2-4

---

Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.

State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Tampa District Office

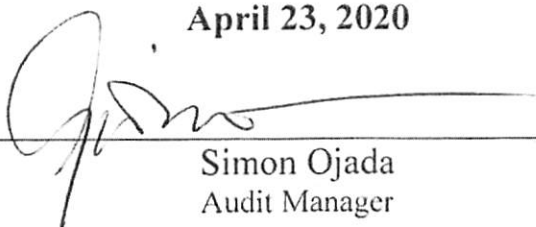
### Auditor's Report

Tampa Electric Company  
Capacity Cost Recovery Clause

**Twelve Months Ended December 31, 2019**

Docket No. 20200001-EI  
Audit Control No. 2020-007-2-4

**April 23, 2020**

  
\_\_\_\_\_  
Simon Ojada  
Audit Manager

  
\_\_\_\_\_  
Lynn Deamer  
Reviewer

## Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	4
Exhibit	
1: True-Up.....	5

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated January 02, 2020. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2019 filing for the Capacity Cost Recovery Clause in Docket No. 20200001-EI.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to the Tampa Electric Company.

CCRC refers to the Capacity Cost Recovery Clause.

### **Revenues**

#### Operating Revenues

**Objectives:** The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2019, through December 31, 2019, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the CCRC.

**Procedures:** We reconciled Capacity Revenues reported in the 2019 CCRC Filing to the Utility's monthly reports and the general ledger. We recalculated general ledger revenues net of regulatory assessment fees and reconciled to the CCRC Filing. We traced Capacity Revenues by rate class for January – December 2019 to the monthly Capacity summary reports. A random sampling of residential and commercial customers' bills test was performed by rate class in the Fuel Adjustment Clause Audit, Docket No. 20200001-EI, to verify that the correct tariff rate was used. No exceptions were noted.

#### Transmission Revenues

**Objective:** The objective was to determine whether Transmission Revenues derived from the non-separated, non-energy broker network, wholesale energy sales were credited to the CCRC per Commission Order No. PSC-1999-2512-FOF-EI.

**Procedures:** We verified that Transmission Revenues were a net component of capacity costs recorded in the CCRC by reconciling the Utility's Capacity Purchases and Capacity Sales Detail Schedules for the month of May 2019 to the invoices and other supporting documentation and to Schedule A12. No exceptions were noted.

### **Expenses**

#### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether Operation and Maintenance (O&M) Expense listed on the Utility's filing was supported by adequate documentation and that the expenses are appropriately recoverable through the CCRC.

**Procedures:** We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expense invoices for testing. The source documentation for selected items was reviewed to ensure the expense was related to the CCRC and that the expense was charged to the correct accounts. No exceptions were noted.

#### Purchase Power Contracts

**Objective:** The objective was to determine whether invoices for the capacity purchase amounts are in accordance with the terms and conditions of the contract.

**Procedures:** We reviewed interchange purchases and determined that there were no capacity purchases in 2019. No exceptions were noted.

#### Incremental Security Cost

**Objective:** The objective was to determine whether the security costs recovered are incremental to the security costs recovered in base rates.

**Procedure:** We reviewed the general ledger account detail for vendors charging security costs to the Utility. No security costs were included in the CCRC. No exceptions were noted.

### **True-Up**

**Objective:** The objective was to determine if the True-Up and Interest Provision as filed was properly calculated.

**Procedures:** We traced the December 31, 2018, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2019, using the Commission approved beginning balance as of December 31, 2018, the Financial Commercial Paper rates, and the 2019 CCRC revenues and costs. No exceptions were noted.

### **Analytical Review**

**Objective:** The objective was to perform an analytical review of the Utility's CCRC revenues and expenses to determine if there were any material changes or inconsistencies from the prior year.

**Procedures:** We compared 2019 to 2018 and 2016 revenues and expenses. There were no significant variances. Further follow-up was not required.

Audit Findings

**None**

## Exhibit

### Exhibit 1: True-Up

TAMPA ELECTRIC COMPANY  
CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP AMOUNT  
FOR THE PERIOD JANUARY 2019 THROUGH DECEMBER 2019

	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19	Actual Jun-19	Actual Jul-19	Actual Aug-19	Actual Sep-19	Actual Oct-19	Actual Nov-19	Actual Dec-19	Total
1 UNIT POWER CAPACITY CHARGES	20,134	6,889	69,936	43,759	24,484	84,447	43,140	22,065	79,173	53,246	34,456	4,679	486,408
2 CAPACITY PAYMENTS TO COGENERATORS	0	0	0	0	0	0	0	0	0	0	0	0	0
3 SCHEDULE J,D, & EMERG CAPACITY CHARGES	0	0	0	0	0	0	0	0	0	0	0	0	0
4 INCREMENTAL SECURITY O&M COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
5 (CAPACITY REVENUES)	(75,831)	(86,888)	(75,240)	(78,650)	(130,227)	(118,353)	(76,654)	(94,821)	(122,323)	(429,073)	(101,041)	(99,847)	(1,488,948)
6 TOTAL CAPACITY DOLLARS	(55,697)	(79,999)	(5,304)	(34,891)	(105,743)	(33,906)	(33,514)	(72,756)	(43,150)	(375,827)	(66,585)	(95,168)	(1,002,540)
7 JURISDICTIONAL PERCENTAGE	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	
8 JURISDICTIONAL CAPACITY DOLLARS	(55,697)	(79,999)	(5,304)	(34,891)	(105,743)	(33,906)	(33,514)	(72,756)	(43,150)	(375,827)	(66,585)	(95,168)	(1,002,540)
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	1,240,565	1,244,911	1,212,875	(85,626)	(102,382)	(184,985)	(163,975)	(152,332)	(178,316)	(154,165)	(139,644)	(117,798)	2,439,128
10 PRIOR PERIOD TRUE-UP PROVISION	(232,082)	(232,082)	(232,082)	(128,947)	(128,947)	(128,947)	(128,947)	(128,947)	(128,947)	(128,947)	(128,947)	(128,951)	(1,856,773)
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	1,008,483	1,012,829	980,793	(214,573)	(231,329)	(293,932)	(292,922)	(281,279)	(307,263)	(283,112)	(268,591)	(246,749)	582,355
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 8)	1,064,180	1,092,828	986,097	(179,682)	(125,586)	(260,026)	(259,408)	(208,523)	(264,113)	92,715	(202,006)	(151,581)	1,584,895
13 INTEREST PROVISION FOR PERIOD	(9,670)	(7,055)	(4,581)	(3,416)	(3,404)	(3,451)	(3,486)	(3,486)	(3,552)	(3,132)	(2,724)	(2,834)	(50,771)
14 OTHER ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
15 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER/(UNDER) RECOVERY	(5,458,888)	(4,172,294)	(2,854,439)	(1,640,841)	(1,694,992)	(1,695,035)	(1,829,565)	(1,963,512)	(2,046,554)	(2,185,272)	(1,966,742)	(2,042,525)	(5,458,888)
16 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	232,082	232,082	232,082	128,947	128,947	128,947	128,947	128,947	128,947	128,947	128,947	128,951	1,856,773
17 END OF PERIOD TRUE-UP - OVER/(UNDER) RECOVERY ( SUM OF LINES 12 - 16)	(4,172,294)	(2,854,439)	(1,640,841)	(1,694,992)	(1,695,035)	(1,829,565)	(1,963,512)	(2,046,554)	(2,185,272)	(1,966,742)	(2,042,525)	(2,067,989)	(2,067,989)



## Exhibit 1: True-Up (Cont'd)

TAMPA ELECTRIC COMPANY  
CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP AMOUNT  
FOR THE PERIOD JANUARY 2019 THROUGH DECEMBER 2019

	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19	Actual Jun-19	Actual Jul-19	Actual Aug-19	Actual Sep-19	Actual Oct-19	Actual Nov-19	Actual Dec-19	Total
1 BEGINNING TRUE-UP AMOUNT	(5,458,886)	(4,172,294)	(2,854,439)	(1,640,841)	(1,694,992)	(1,695,035)	(1,629,565)	(1,983,512)	(2,046,554)	(2,185,272)	(1,968,742)	(2,042,525)	(5,458,886)
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(4,162,624)	(2,847,384)	(1,636,260)	(1,691,578)	(1,691,631)	(1,828,114)	(1,960,028)	(2,043,088)	(2,181,720)	(1,963,610)	(2,039,801)	(2,065,155)	(2,017,218)
3 TOTAL BEGINNING & ENDING TRUE-UP AMT. (LINE 1 + LINE 2)	(9,621,510)	(7,019,678)	(4,490,699)	(3,332,417)	(3,386,623)	(3,521,149)	(3,789,591)	(4,006,600)	(4,228,274)	(4,148,882)	(4,008,543)	(4,107,680)	(7,476,104)
4 AVERAGE TRUE-UP AMOUNT ( 50% OF LINE 3 )	(4,810,755)	(3,509,839)	(2,245,350)	(1,666,209)	(1,693,312)	(1,760,575)	(1,894,796)	(2,003,300)	(2,114,137)	(2,074,441)	(2,003,272)	(2,053,840)	(3,738,052)
5 INTEREST RATE % - 1ST DAY OF MONTH	2.420	2.410	2.410	2.480	2.430	2.390	2.320	2.100	2.050	1.970	1.660	1.600	NA
6 INTEREST RATE % - 1ST DAY OF NEXT MONTH	2.410	2.410	2.480	2.430	2.390	2.320	2.100	2.050	1.970	1.660	1.600	1.710	NA
7 TOTAL ( LINE 5 + LINE 6 )	4.830	4.820	4.890	4.910	4.820	4.710	4.420	4.150	4.020	3.630	3.260	3.310	NA
8 AVERAGE INTEREST RATE % ( 50% OF LINE 7 )	2.415	2.410	2.445	2.455	2.410	2.355	2.210	2.075	2.010	1.815	1.630	1.655	NA
9 MONTHLY AVERAGE INTEREST RATE % (LINE 8/12)	0.201	0.201	0.204	0.205	0.201	0.198	0.184	0.173	0.168	0.151	0.136	0.138	NA
10 INTEREST PROVISION ( LINE 4 X LINE 9 )	(9,670)	(7,055)	(4,581)	(3,416)	(3,404)	(3,451)	(3,486)	(3,466)	(3,552)	(3,132)	(2,724)	(2,834)	(50,771)