

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: May 5, 2022
TO: Office of the Commission Clerk
FROM: Rhonda L. Hicks, Director, Office of Auditing and Performance Analysis *RLH*
RE: Docket No.: 20220001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No: 2022-003-2-1

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 the Commission Clerk. There are no confidential work papers associated with this audit.

RLH/cm

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
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2021

Docket No. 20220001-EI
Audit Control No. 2022-003-2-1
April 28, 2022

A handwritten signature in black ink, appearing to read "Ron Mavrides", written over a horizontal line.

Ronald Mavrides
Audit Manager

A handwritten signature in black ink, appearing to read "Simon", written over a horizontal line.

Simon Ojada
Reviewer

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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 December 21, 2021. We have applied these procedures to the attached summary exhibit prepared by the Tampa Electric Company in support of its 2021 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20220001-El.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to the Tampa Electric Company.

Fuel Filing refers to the Fuel and Purchased Power Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2021, through December 31, 2021, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the Fuel Filing.

Procedures: We reconciled Fuel Revenues reported in the 2021 Fuel Filing to the Utility's monthly revenue reports and the general ledger. We recalculated general ledger revenues net of regulatory assessment fees and reconciled to the Fuel filing. We traced Fuel Revenues by rate class for January – December 2021 to the monthly Fuel Revenue summary reports. A random sampling of residential and commercial customers' bills test was performed by rate class to verify that the correct tariff rate was used. No exceptions were noted.

Expenses

Objectives: The objectives were to review the expenses which the Utility has included in the Fuel Filing and determine whether those expenses were properly recoverable as required by Order No. 14546, issued July 8, 1985.

Procedures: We reviewed and sampled fuel expenses as reported on Schedules A1 and A2. We reviewed expenses for the sample months of March and August 2021. We concluded that the expenses examined complied with the standards set forth in Order No. 14546. No exceptions were noted.

Objective: The objective was to determine whether generation-related gains derived from non-separated wholesale energy sales were credited to the Fuel Filing as set forth in Order No. PSC-2000-1744-PAA-EI, issued September 26, 2000.

Procedures: We calculated generation related gains from Schedule A6 of the Fuel Filing to ensure the Utility complied with the Commission Order. No exceptions were noted.

Objective: The objective was to determine whether energy payments to qualifying facilities in Schedule A8 are based on the appropriate standard offer or negotiated contract rate.

Procedures: We prepared a schedule accumulating total monthly Megawatt Hours (MWH) and total monthly fuel purchases for 2021 as reflected on Schedule A8 – Energy Payments to

Qualifying Facilities. We reconciled the MWH purchased to the monthly billing detail and traced to supporting invoices for the sample months of January and July 2021. No exceptions were noted.

Objectives: The objectives were to determine whether the amounts of gas storage expense recovered through the Fuel Filing for the gas storage facility for 2021 were calculated correctly and payments were made in accordance with the applicable contracts.

Procedures: We reviewed all contracts and amendments for 2021 gas storage expense between the vendor and the Utility. We reviewed all invoices for the sample months of March and October 2021 to verify that the unit cost was in agreement with the contract rate. No exceptions were noted.

Objective: The objective was to determine whether Firm Transportation Service (FTS) charges for natural gas transportation agree with the appropriate FTS rate schedules from pipeline company tariffs.

Procedures: We reviewed all existing FTS vendor contracts and amendments in effect for 2021. We obtained company tariff rates for Florida Gas Transmission (FGTC). We randomly selected FGTC invoices for the sample months of March and September 2021. We reconciled FGTC invoice rates to the contract and respective amendments. No exceptions were noted.

Inventory

Objective: The objective was to determine whether adjustments made to coal inventory, due to differences between the book inventory and the semi-annual coal inventory survey, have been recorded as set forth in Order No. PSC-1997-0359-FOF-EI, issued March 31, 1997.

Procedures: We reviewed all documentation supporting the February and August 2021 aerial survey calculations and recorded adjustments to determine compliance with Order No. PSC-1997-0359-FOF-EI. No exceptions were noted.

Other

Objectives: The objectives were to review and verify payments made under the new waterborne and rail transportation contracts.

Procedures: We requested a listing of all transport carriers used by the Utility for coal deliveries to the coal terminals and plant locations for 2021. We selected on a judgmental basis, invoices and supporting contracts for review. No exceptions were noted.

Objective: The objective was to determine whether vendor rebates and refunds were credited by the Utility to its recoverable fuel costs.

Procedures: We obtained a summary of all 2021 refunds and demurrages. We traced all refunds and demurrages to the Fuel Ledger for correct disposition. No exceptions were noted.

Objectives: The objectives were to reconcile service hours, reserve shutdown hours, and unavailable hours for the Generating Performance Incentive Factor (GPIF) units as shown on the annual GPIF filing with source documents and trace the differences to source documents.

Procedures: We obtained the Actual Unit Performance Data Forms for January – December 2021 from the GPIF filing. Using the Generating Availability Data System (GADS) for Big Bend 4, Polk 1 and Bayside Unit 2, we reconciled service hours, reserve shutdown hours and unavailable hours to the Unit Report Data Forms for the sample months of January, July, and November 2021. No exceptions were noted.

Objectives: The objectives were to reconcile coal and oil purchases as shown on the monthly Florida Public Service Commission (FPSC) Form 423 to Utility Schedule A-5, the general ledger, contractual obligations, and source documents.

Procedures: We traced purchases recorded on Schedule A5 to the fuel ledger. We reconciled tonnage and unit costs to the respective vendor invoices for January, April, and November 2021. We verified that the invoice unit costs were in compliance with the contract. No exceptions were noted.

Objectives: The objective was to review the Optimization Mechanism discussed in the Stipulation and Settlement approved in Order No. PSC-2017-0456-S-EI, issued November 27, 2017.

Procedures: We reviewed the amount of the incremental gains and the calculation of the gains and reasonableness of the market price and index inputs used to calculate the gains. We spot checked several transactions to determine if the transactions reflect "arms-length" transaction. We reviewed and spot checked for gains on the short-term power sales and savings on the short-term purchases as determined by Order No. PSC-1997-0262-FOF-EI, issued March 11, 1997. No exceptions were noted.

True-Up

Objective: The objective was to determine whether the Utility's True-Up and Interest Provision as reflected on Utility Schedule A-2 was properly calculated.

Procedures: We traced the December 31, 2020, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2021, using the Commission approved beginning balance as of December 31, 2020, the Financial Commercial Paper rates, and the 2021 Revenues and Costs reported in the Fuel Filing. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's Fuel Filing Revenues and Expenses to determine whether there were any material changes or inconsistencies in year 2021 from previous years.

Procedures: We compared 2021 revenues and expenses to 2020 and 2019. Revenues increased significantly from September to December due to the midcourse correction effective September 2021. Expenses also increased due to an increase in gas prices. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

SCHEDULE A2
PAGE 2 OF 3

**CALCULATION OF TRUE-UP AND INTEREST PROVISION
TARPA ELECTRIC COMPANY
MONTH OF: December 2021**

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
C. TRUE-UP CALCULATION								
1. JURISDICTIONAL FUEL REVENUE	60,348,889	60,078,100	272,789	0.6%	707,701,167	702,632,270	5,068,898	0.7%
2. JURISDICTIONAL FUEL REVENUE CREDIT	0	0	0	0.0%	0	0	0	0.0%
2a. TRUE-UP PROVISION	(12,253,062)	(12,253,062)	0	0.0%	(68,001,888)	(68,001,888)	0	0.0%
2b. GPFF PROVISION	(238,175)	(238,175)	0	0.0%	(2,858,056)	(2,858,056)	0	0.0%
2c. 2019 OPTIMIZATION MECHANISM GAIN	(98,398)	(98,398)	0	0.0%	(1,180,820)	(1,180,820)	0	0.0%
3. JURIS. FUEL REVENUE APPL. TO PERIOD	47,758,354	47,485,565	272,789	0.6%	637,660,403	632,591,515	5,068,888	0.8%
4. ADJ. TOTAL FUEL & NET PWR. TRANS. (LINE A7)	70,101,818	51,335,012	18,766,806	36.6%	754,098,815	684,562,910	69,533,705	10.2%
5. JURISDIC. SALES- % TOTAL MWH SALES (LINE B4)	1.0000000	1.0000000	0.0000000	0.0%	-	-	-	-
6. JURISDIC. TOTAL FUEL & NET PWR. TRANS.	70,101,818	51,335,012	18,766,806	36.6%	754,098,815	684,562,910	69,533,705	10.2%
6a. JURISDIC. LOSS MULTIPLIER	1.00000	1.00000	0.00000	0.0%	-	-	-	-
6b. (LINE C6 x LINE C6a)	70,101,818	51,335,012	18,766,806	36.6%	754,098,815	684,562,910	69,533,705	10.2%
6c. ADJUSTMENT	0	0	0	0.0%	0	0	0	0.0%
6d. JURISDIC. TOTAL FUEL & NET PWR INCL. ALL ADJ. (LNS. C6b+C6c)	70,101,818	51,335,012	18,766,806	36.6%	754,098,815	684,562,910	69,533,705	10.2%
7. TRUE-UP PROV. FOR MO. +/- COLLECTED (LINE C3 - LINE C6d)	(22,343,464)	(3,848,447)	(18,494,017)	480.4%	(118,436,212)	(51,971,395)	(66,464,817)	124.0%
8. INTEREST PROVISION FOR THE MONTH	(5,370)	(1,448)	(3,922)	270.9%	(27,346)	(55,230)	27,884	-50.5%
9. TRUE-UP & INT. PROV. BEQ. OF MONTH	(62,076,698)	(8,728,485)	(53,348,111)	611.2%	NOT APPLICABLE			
10. TRUE-UP COLLECTED (REFUNDED)	12,253,062	12,253,062	0	0.0%	NOT APPLICABLE			
11. END OF PERIOD TOTAL NET TRUE-UP (LINE C7 through C10)	(72,171,466)	(325,418)	(71,846,048)	22078.1%	NOT APPLICABLE			

Exhibit 1 (cont'd)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
TAMPA ELECTRIC COMPANY
MONTH OF: December 2021

	CURRENT MONTH				PERIOD TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
D. INTEREST PROVISION								
1. BEGINNING TRUE-UP AMOUNT (LINE C10)	(62,076,506)	(8,726,486)	(53,348,111)	811.2%	NOT APPLICABLE			
2. ENDING TRUE-UP AMOUNT BEFORE INT. (LINES C7 + C9 + C10 + C11)	(72,166,096)	(323,970)	(71,842,126)	22176.5%	NOT APPLICABLE			
3. TOTAL BEG. & END. TRUE-UP AMOUNT	(134,242,604)	(9,052,455)	(125,190,230)	1382.0%	NOT APPLICABLE			
4. AVG. TRUE-UP AMOUNT - (60% OF LINE D3)	(67,121,347)	(4,526,228)	(62,595,119)	1382.0%	NOT APPLICABLE			
5. INT. RATE-FIRST DAY REP. BUS. MONTH	0.110	0.380	(0.270)	-71.1%	NOT APPLICABLE			
6. INT. RATE-FIRST DAY SUBSEQUENT MONTH	0.080	0.380	(0.300)	-76.9%	NOT APPLICABLE			
7. TOTAL (LINE D6 + LINE D6)	0.190	0.760	(0.570)	-75.0%	NOT APPLICABLE			
8. AVERAGE INT. RATE (50% OF LINE D7)	0.095	0.380	(0.285)	-75.0%	NOT APPLICABLE			
9. MONTHLY AVG. INT. RATE (LINE D8/12)	0.008	0.032	(0.024)	-75.0%	NOT APPLICABLE			
10. INT. PROVISION (LINE D4 x LINE D9)	(5,370)	(3,445)	(3,922)	270.0%	NOT APPLICABLE			