


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: July 1, 2022
TO: Office of the Commission Clerk
FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 
RE: Docket No.: 20210010-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3g: Storm Protection Plan Cost Recovery Clause
Audit Control No: 2021-314-2-1

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.

TMB/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
Storm Protection Plan Cost Recovery Clause

As of December 31, 2021

Docket No. 20220010-EI
Audit Control No. 2021-314-2-1

June 28, 2022

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

Tomer Kopelovich
Audit Manager

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

Simon O. 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 Office of Industry Development and Market Analysis in its audit service request dated November 10, 2021. We have applied these procedures to the attached schedules prepared by Tampa Electric Company in support of its filing for Storm Protection Plan Cost Recovery in Docket No. 20220010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

TECO or Utility refers to Tampa Electric Company.

SPPCRC refers to Storm Protection Plan Cost Recovery Clause.

SPP refers to Storm Protection Plan.

Background

On April 1, 2022, TECO filed support for its Storm Protection Cost Recovery factor, actual for the period January 2021 through December 2021, and the 2021 Storm Protection Plan Accomplishments.

Objectives: The objectives were to reconcile the Vegetation Management Operation and Maintenance expenses to the general ledger, and review a statistical or judgmental sample of the Transmission and Distribution activities.

Procedures: We reconciled the Vegetation Management Operation and Maintenance expenses to the general ledger. We judgmentally selected the 20 largest invoices for transmission and distribution activities for testing. We tested for proper account, proper amount, proper period, and proper project. No exceptions were noted.

Objectives: The objectives were to reconcile the Common SPP Operation and Maintenance expenses to the general ledger, and review a statistical or judgmental sample of Common SPP Operation and Maintenance expense.

Procedures: We reconciled the Common SPP Operation and Maintenance expenses to the general ledger. We judgmentally selected the 20 largest invoices for Common SPP Operation and Maintenance expenses for testing. We tested for proper account, proper amount, proper period, and proper project. No exceptions were noted.

Objectives: The objectives were to audit the following capital investments: Program No. 1.h Distribution Lateral Undergrounding, Program No. 1.i Transmission Asset Upgrades, Program No. 1.k Distribution Overhead Feeder Hardening. In addition, our objectives were to: 1) Verify that the investment amounts are recorded in the correct plant accounts, 2) Reconcile the corresponding plant-in-service/depreciation base, 3) Verify the calculations of the non-interest bearing construction work in progress (CWIP), 4) Verify that the most recent Commission approved depreciation and amortization periods are used in calculating the depreciation expenses, and 5) Reconcile the depreciation savings for retired assets that have depreciation recovered through base rates.

Procedures: We audited the investments mentioned above by verifying that the investment amounts are recorded in the correct plant accounts. We reconciled the corresponding plant-in-service/depreciation base. We verified the calculations of the non-interest bearing CWIP. We verified that the most recent commission approved depreciation and amortization periods were used in calculating the depreciation expenses. We reconciled the depreciation savings for retired assets that have depreciation recovered through base rates. No exceptions were noted.

Objectives: The objectives were to verify the SPPCRC program-related plant additions, retirements, and adjustments for the period January 1, 2021, through December 31, 2021.

Procedures: We reconciled the SPPCRC program-related plant additions, retirements, and adjustments to the general ledger. No exceptions were noted.

Objectives: The objectives were to reconcile the operation and maintenance expenses to the general ledger, and review a statistical sample or judgement sample of the projects listed on Form A-5.

Procedures: We reconciled the operation and maintenance expenses to the general ledger. We judgmentally selected the 5 largest invoices/vouchers of the 4 largest projects listed on Form A-5 for review. No exceptions were noted.

Other

Objectives: The objectives were to: 1) Substantiate if the Utility changed any of its accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause, and 2) Verify if the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause.

Procedures: We requested and reviewed the accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We reviewed whether the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. 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 recalculated the True-Up and Interest Provision amounts as of December 31, 2021, using the Financial Commercial Paper rates, and 2021 revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

Tampa Electric Company Storm Protection Plan Cost Recovery Clause Final True-Up Prior Period: January through December 2021												Form A-2 Page 1 of 1	
Calculation of True-Up Amount (in Dollars)													
Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Clause Revenues (net of Revenue Taxes)	\$ 3,096,934	\$ 2,895,738	\$ 2,825,863	\$ 3,023,739	\$ 3,380,452	\$ 3,785,647	\$ 3,680,374	\$ 4,014,592	\$ 4,107,646	\$ 3,730,672	\$ 3,165,840	\$ 2,858,263	\$ 40,765,761
2. True-Up Provision	(498,891)	(498,891)	(498,891)	(498,891)	(498,891)	(498,891)	(498,891)	(498,891)	(498,891)	(498,891)	(498,891)	(498,895)	(5,986,696)
3. Clause Revenues Applicable to Period (Lines 1 + 2)	2,598,043	2,396,847	2,326,972	2,524,848	2,881,561	3,286,756	3,381,483	3,515,701	3,608,755	3,231,781	2,666,949	2,359,368	34,779,065
4. Jurisdictional SPPCRC Costs													
a. O&M Activities (Form 5A, Line 13) (A)	1,756,739	1,634,769	2,314,452	2,129,942	1,727,555	2,462,241	1,973,349	1,978,849	1,946,902	2,071,729	2,308,642	2,760,925	25,066,093
b. Capital Investment Projects (Form 7A, Line 7.c.)	114,230	143,446	174,742	205,518	242,190	338,253	356,751	407,807	467,016	537,277	612,297	693,430	4,292,957
c. Total Jurisdictional SPPCRC Costs	1,870,969	1,778,215	2,489,194	2,335,460	1,969,744	2,800,494	2,330,100	2,386,656	2,413,918	2,609,006	2,920,938	3,454,355	29,359,050
5. Over/Under Recovery (Line 3 - Line 4c)	727,075	618,632	(162,222)	189,388	911,816	486,262	1,051,383	1,129,046	1,194,837	622,775	(253,989)	(1,094,987)	5,420,016
6. Interest Provision (Form A-3, Line 10)	(394)	(289)	(199)	(158)	(46)	14	93	157	240	372	551	537	878
7. Beginning Balance True-Up & Interest Provision	(4,996,136)	(3,770,564)	(2,653,330)	(2,316,860)	(1,628,739)	(218,078)	767,089	2,317,456	3,945,550	5,639,518	6,761,556	7,007,009	(4,996,136)
a. Deferred True-Up from January to December 2020 (Order No. PSC-2021-0324-FOF-EI)	0	0	0	0	0	0	0	0	0	0	0	0	0
8. True-Up Collected/(Refunded) (see Line 2)	498,891	498,891	498,891	498,891	498,891	498,891	498,891	498,891	498,891	498,891	498,891	498,895	5,986,696
9. End of Period Total True-Up (Lines 5+6+7+7a+8)	(3,770,564)	(2,653,330)	(2,316,860)	(1,628,739)	(218,078)	767,089	2,317,456	3,945,550	5,639,518	6,761,556	7,007,009	6,411,454	6,411,454
10. Adjustment to Period True-Up Including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
11. End of Period Total True-Up (Lines 9 + 10)	\$ (3,770,564)	\$ (2,653,330)	\$ (2,316,860)	\$ (1,628,739)	\$ (218,078)	\$ 767,089	\$ 2,317,456	\$ 3,945,550	\$ 5,639,518	\$ 6,761,556	\$ 7,007,009	\$ 6,411,454	\$ 6,411,454

Exhibit 1 (cont'd)

Tempe Electric Company
Storm Protection Plan Cost Recovery Clause
Final True-Up
Prior Period: January through December 2021

Form A-3
Page 1 of 1

Calculation of Interest Provision for True-Up Amount
(in Dollars)

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Beginning True-Up Amount (Form A-2, Line 7-7a+10)	\$ (4,996,138)	\$ (3,770,664)	\$ (2,653,330)	\$ (2,316,600)	\$ (1,620,739)	\$ (216,076)	\$ 767,089	\$ 2,317,456	\$ 3,945,560	\$ 5,639,518	\$ 6,761,556	\$ 7,007,009	
2. Ending True-Up Amount Before Interest	(3,770,170)	(2,653,041)	(2,316,661)	(1,626,581)	(218,032)	767,075	2,317,363	3,945,393	5,639,278	6,761,184	7,006,459	6,410,917	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	(8,766,308)	(6,423,605)	(4,969,991)	(3,943,181)	(1,838,771)	548,997	3,084,452	6,262,849	9,584,838	12,400,702	13,768,014	13,417,926	
4. Average True-Up Amount (Line 3 x 1/2)	(4,383,153)	(3,211,803)	(2,484,996)	(1,972,721)	(923,386)	274,499	1,542,226	3,131,425	4,792,414	6,200,351	6,884,007	6,706,963	
5. Interest Rate (First Day of Reporting Business Month)	0.10%	0.12%	0.06%	0.11%	0.07%	0.04%	0.08%	0.06%	0.06%	0.07%	0.08%	0.11%	
6. Interest Rate (First Day of Subsequent Business Month)	0.12%	0.09%	0.11%	0.07%	0.04%	0.08%	0.06%	0.06%	0.07%	0.08%	0.11%	0.08%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.22%	0.21%	0.20%	0.18%	0.11%	0.12%	0.14%	0.12%	0.13%	0.16%	0.19%	0.19%	
8. Average Interest Rate (Line 7 x 1/2)	0.110%	0.105%	0.100%	0.090%	0.055%	0.060%	0.070%	0.080%	0.085%	0.075%	0.095%	0.095%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.009%	0.009%	0.008%	0.008%	0.005%	0.005%	0.006%	0.005%	0.005%	0.006%	0.008%	0.008%	
10. Interest Provision for the Month (Line 4 x Line 9)	\$ (394)	\$ (289)	\$ (199)	\$ (158)	\$ (48)	\$ 14	\$ 93	\$ 157	\$ 240	\$ 372	\$ 551	\$ 537	\$ 878