


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 8, 2022
TO: Office of the Commission Clerk
FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 
RE: Docket No.: 20220007-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3d: Environmental Cost Recovery Clause
Audit Control No: 2022-018-2-2

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
Environmental Cost Recovery Clause

Twelve Months Ended December 31, 2021

Docket No. 20220007-EI
Audit Control No. 2022-018-2-2
July 05, 2022

A handwritten signature in cursive script, appearing to read "Intesar Terkawi", written over a horizontal line.

Intesar Terkawi
Audit Manager

A handwritten signature in cursive script, appearing to read "Simon O Ojada", written over a horizontal line.

Simon O Ojada
Reviewer

Table of Contents

Purpose	1
Objectives and Procedures.....	2
Audit Findings	
None.....	5
Exhibit	
1: True-Up	6

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 Engineering in its audit service request dated January 14, 2022. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by the Tampa Electric Company in support of its 2021 filing for the Environmental Cost Recovery Clause in Docket No. 20220007-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to the Tampa Electric Company.
ECRC refers to the Environmental Cost Recovery Clause.

Capital Investments

Utility Plant in Service

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

Procedures: We traced plant in service and accumulated depreciation to the general ledger for each capital project listed on the 2021 Form 42-8A. No exceptions were noted.

Construction Work in Progress

Objectives: The objectives were to verify net investments associated with Big Bend FGD System Reliability; Project w. – Mercury Air Toxics Standards; Project ab. – Big Bend ELG Compliance; and Project ac. – Big Bend Unit 1 Sec. 316(b) Impingement Mortality capital projects, and to determine whether any project which involved the replacement or retirement of an existing plant asset was retired at the installed costs by the Utility in accordance with Rule 25-6.0142(4)(b), Florida Administrative Code.

Procedures: We selected samples of all the projects that had plant additions. We determined whether additions had appropriate supporting documentation and were recorded to the correct project and account. We also determined whether items that were replaced had a corresponding retirement. We compared the ledger to the depreciation base and the non-interest-bearing amounts on Form 42-8A. No exceptions were noted.

Revenue

Operating Revenues

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 ECRC.

Procedures: We reconciled the 2021 filing to the Utility's monthly Environmental Revenue Reports. We verified that the rate code factors used in the Utility's calculation of revenues agreed with the last Commission Order No. PSC-2020-0433-FOF-EI, issued November 13, 2020. A random sample of residential and commercial customers' bills test was performed by rate class in Docket No. 20220001-EI, Audit Control 2022-003-2-1. We recalculated each to verify the use of the correct tariff rate for the Capacity, Fuel, Conservation and Environmental Clauses. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) expenses listed on the Utility's Form 42-5A filing were supported by adequate documentation and that the expenses were appropriately recoverable through the ECRC.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M expenses for testing for the months of March and May 2021. The source documentation for selected items was reviewed to ensure the expenses were related to the ECRC and that the expenses were charged to the correct accounts. We requested support for payroll for the same two months. According to the Utility, there was no payroll charged to O&M expense through the ECRC. No exceptions were noted.

Depreciation and Amortization

Objective: The objective was to determine whether the most recent Commission-approved depreciation rates or amortization periods were used in calculating depreciation expense.

Procedures: We recalculated 2021 depreciation expense on a test basis using the plant balances and depreciation rates per Order No. PSC-2012-0175-PAA-EI, issued April 3, 2012. We traced total year depreciation expense for each capital project listed on Form 42-8A to the general ledger detail. No exceptions were noted.

Other

SO₂ Allowances

Objectives: The objectives were to verify investments, inventory, expensed amounts, allowance auction proceeds, and to verify amounts included in Working Capital, Form 42-8A.

Procedures: We traced 2021 consumption for SO₂ Allowances from the Utility's detailed Allowances Reports to the Total Emissions Schedule on Form 42-5E. We determined whether NO_x sales were made. We verified all auction proceeds. We verified 2021 Cogen Purchases, and sampled February and June Cogen purchase invoices. We traced the jurisdictional factors to Order No. PSC-2020-0433-FOF-EI, issued November 13, 2020. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Form 42-2A 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 ECRC revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2021 to 2020 and 2019 revenues and expenses. We requested explanations from the Utility for significant variances. The explanations provided by the Utility were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

Lamps Electric Company
Environmental Cost Recovery Clause (ECRC)
Calculation of Final True-up Amount for the Period
January 2021 to December 2021

Form 42 - ZA

Current Period True-Up Amount
(in Dollars)

	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
ECRC Revenues (net of Revenue Taxes)	\$4,034,708	\$3,662,094	\$3,642,808	\$3,969,659	\$4,362,891	\$5,015,764	\$5,054,761	\$5,302,763	\$5,476,108	\$4,913,251	\$4,124,251	\$3,837,158	\$53,436,253
True-Up Provision	(321,105)	(321,105)	(321,105)	(321,105)	(321,105)	(321,105)	(321,105)	(321,105)	(321,105)	(321,105)	(321,105)	(321,106)	(3,853,261)
ECRC Revenues Applicable to Period (Lines 1 + 2)	3,713,603	3,340,989	3,321,703	3,648,554	4,041,786	4,694,679	4,733,656	4,981,675	5,155,003	4,592,146	3,803,146	3,516,052	49,582,992
Jurisdictional ECRC Costs													
a. O & M Activities (Form 42-SA, Line 9)	1,247,596	569,095	1,907,372	1,258,012	1,421,937	1,146,917	100,534	(665,461)	253,264	(54,151)	780,008	1,241,311	9,203,515
b. Capital Investment Projects (Form 42-7A, Line 9)	3,674,315	3,670,029	3,668,970	3,668,919	3,656,523	3,656,319	3,654,602	3,653,374	3,650,649	3,669,510	3,676,298	3,170,009	43,480,517
c. Total Jurisdictional ECRC Costs	4,921,911	4,239,125	5,576,342	4,926,931	5,078,460	4,803,236	3,755,236	2,987,893	3,910,913	3,615,359	4,456,306	4,411,320	52,684,032
Over/Under Recovery (Line 3 - Line 4c)	(1,158,306)	(898,136)	(2,254,639)	(1,295,377)	(1,039,674)	(108,567)	978,420	1,993,782	1,244,090	976,787	(653,160)	(695,268)	(3,101,040)
Interest Provision (Form 42-3A, Line 10)	(3)	(67)	(160)	(276)	(214)	(227)	(227)	(95)	(2)	84	150	114	(927)
Beginning Balance True-Up & Interest Provision	(3,653,261)	(4,590,467)	(5,267,565)	(7,201,255)	(8,166,807)	(8,685,590)	(8,673,269)	(7,373,971)	(5,059,183)	(3,493,996)	(2,196,014)	(2,527,919)	(3,853,261)
a. Deferred True-Up from January to December 2020 (Order No. PSC-2021-0426-FOF-EI)	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191	4,237,191
True-Up Collected/Refunded (see Line 2)	321,105	321,105	321,105	321,105	321,105	321,105	321,105	321,105	321,105	321,105	321,105	321,105	3,653,261
End of Period Total True-Up (Lines 5+6+7+8+9)	(453,276)	(1,030,374)	(2,964,068)	(3,929,616)	(4,648,359)	(4,436,076)	(3,136,760)	(821,992)	743,201	2,041,177	1,709,272	1,135,224	1,135,224
Adjustment to Period True-Up Including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
End of Period Total True-Up (Lines 9 + 10)	(\$453,276)	(\$1,030,374)	(\$2,964,068)	(\$3,929,616)	(\$4,648,359)	(\$4,436,076)	(\$3,136,760)	(\$821,992)	\$743,201	\$2,041,177	\$1,709,272	\$1,135,224	\$1,135,224