

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, 2024

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Donna Brown, Bureau Chief, Office of Auditing & Performance Analysis *DB*

RE: Docket No.: 20240010-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3g: Storm Protection Plan Cost Recovery Clause
Audit Control No.: 2024-004-2-2

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.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Tampa Electric Company
Storm Protection Plan Cost Recovery Clause

Twelve Months Ended December 31, 2023

Docket No. 20240010-EI

Audit Control No. 2024-004-2-2

June 28, 2024

A handwritten signature in cursive script that reads "Ronald A. Mavrides".

Ronald A. Mavrides
Audit Manager

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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 Development in its audit service request dated December 20, 2023. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2023 filing for the Storm Protection Plan Cost Recovery Clause in Docket No. 20240010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Tampa Electric Company.

SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

SPP refers to the Storm Protection Plan.

Capital Investment

Objectives: The objectives were to audit the following capital investments: Distribution Overhead Feeder Hardening Program, Distribution Lateral Undergrounding Program, Transmission Assets Upgrade, and Transmission Exchange. In addition, our objectives were to 1) Verify the investment amounts are recorded in the correct plant accounts; 2) Reconcile the corresponding plant-in-service/depreciation base; 3) Verify the calculations of non-interest bearing construction work-in-progress (CWIP); 4) Verify the most recent Commission-approved depreciation and amortization periods are used in calculating depreciation expenses; and 5) Reconcile depreciation savings for retired assets that have depreciation recovered through base rates.

Procedures: We reconciled the capital investments to the Utility's general ledger. We verified the calculations of the non-interest bearing CWIP. We also verified that the most recent Commission-approved depreciation and amortization periods were used in calculating the depreciation expenses. We verified that the depreciation savings for retired assets that have depreciation recovered through base rates will be recovered, and reconciled them with the SPPCRC program-related additions, retirements, and adjustments to the general ledger.

Objective: The objective was to verify the SPPCRC program-related plant additions, retirements, and adjustments for the period January 1 through December 31, 2023.

Procedures: We reconciled the additions and adjustments to the general ledger. We statistically selected SPPCRC program-related plant additions, retirements, and adjustments for testing.

Expense

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 (O&M) expenses to the general ledger. We statistically selected invoices/vouchers for transmission and distribution activities for testing. We then statistically sampled Vegetation Management O&M expenses. 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 O&M expenses to the general ledger. We statistically selected invoices/vouchers for Common SPP O&M expenses for testing. No exceptions were noted.

Objective: The objective was to reconcile operation and maintenance expenses of the projects listed on Form A-5 of the filing, to the general ledger.

Procedures: We reconciled the operation and maintenance expenses to the general ledger. We statistically selected invoices/vouchers for O&M expenses not already tested (Infrastructure Inspection, Maintenance Expenses). No exceptions were noted.

Other Issues

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. We determined that that Utility had made changes to its allocation method. No exceptions were noted.

True-up

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

Procedures: We verified the True-Up and Interest Provision amounts as of December 31, 2023, using the Financial Commercial Paper rates, and 2023 revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibits

Exhibit 1: True-up

TRINITY ELECTRIC COMPANY
Storm Protection Plan Cost Recovery Clause
First True-Up
Period: January through December 2022

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)	\$ 4,711,808	\$ 3,737,765	\$ 3,653,987	\$ 4,213,720	\$ 4,631,630	\$ 5,031,121	\$ 5,723,053	\$ 6,018,421	\$ 6,926,626	\$ 4,837,823	\$ 4,953,810	\$ 3,650,663	\$ 58,056,693
2. True-Up Provision	652,373	650,373	651,373	610,373	650,373	650,373	650,373	650,373	650,373	650,373	650,373	650,373	10,206,618
3. Clause Revenues Applicable to Period (Lines 1 + 2)	\$ 5,364,181	\$ 4,388,138	\$ 4,315,360	\$ 4,824,093	\$ 5,282,003	\$ 5,681,494	\$ 6,373,426	\$ 6,668,794	\$ 7,577,000	\$ 5,488,196	\$ 5,604,183	\$ 4,301,036	\$ 68,263,311
4. Anticipated SPPRC Costs													
a. O&M Activities (Form SA, Line 12) (A)	2,314,836	2,730,615	3,051,637	2,644,132	2,783,631	2,748,670	3,183,125	3,058,630	2,340,420	2,031,633	4,170,223	3,034,630	34,651,437
b. Capital Investment Projects (Form 7A, Line 7.c.)	2,225,018	2,351,202	2,436,405	2,663,321	2,703,021	2,867,136	3,015,269	3,117,192	3,366,673	3,272,573	3,401,532	3,519,131	29,218,374
c. Total Anticipated SPPRC Costs	4,539,854	5,081,817	5,488,042	5,307,453	5,486,652	5,615,806	6,198,394	6,175,822	5,707,093	5,304,206	7,571,755	6,553,761	63,870,811
5. Over/Under Recovery (Line 3 - Line 4)	\$ 824,327	\$ (693,679)	\$ (1,172,682)	\$ (483,360)	\$ (204,649)	\$ 1,065,688	\$ 1,175,032	\$ 490,674	\$ 1,869,907	\$ 1,183,990	\$ (967,572)	\$ (2,250,719)	\$ 4,392,500
6. Interest Provision (Form A-3, Line 10)	42,334	40,590	35,961	31,036	28,642	26,953	24,351	23,025	22,000	21,289	10,487	(3,753)	333,517
7. Beginning Balance True-Up & Interest Provision a. Deferred True-Up from January to December 2022 (Order No. PSC-2022-0304-FCF-E)	11,483,176	11,107,376	9,078,112	6,730,250	7,382,730	6,363,325	5,774,774	5,320,734	4,024,420	3,403,645	4,142,740	340,655	11,483,176
8. True-Up Collected/Refunded (see Line 2)	(652,373)	(650,373)	(651,373)	(610,373)	(650,373)	(650,373)	(650,373)	(650,373)	(650,373)	(650,373)	(650,373)	(650,373)	(10,206,618)
9. End of Period Total True-Up (Lines 5+6+7+8+9)	11,107,675	9,078,112	6,230,623	7,352,720	6,383,325	5,774,774	5,320,734	4,024,420	5,403,645	4,142,740	340,655	2,235,310	(2,235,310)
10. Adjustment to Period True-Ups 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)	\$ 11,107,675	\$ 9,078,112	\$ 6,230,623	\$ 7,352,720	\$ 6,383,325	\$ 5,774,774	\$ 5,320,734	\$ 4,024,420	\$ 5,403,645	\$ 4,142,740	\$ 340,655	\$ 2,235,310	\$ (2,235,310)

Exhibit 2: Interest Provision

Form A-3
Page 1 of 1

Tampa Electric Company
Steam Protection Plan Cost Recovery Clause
First True-Up
Price Period: January through December 2023

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)	\$ 11,483,176	\$ 11,157,676	\$ 9,678,117	\$ 8,238,988	\$ 7,352,730	\$ 6,585,395	\$ 5,774,774	\$ 5,168,734	\$ 4,924,429	\$ 6,403,848	\$ 4,142,740	\$ 540,685	
2 Ending True-Up Amount Before Interest	11,165,249	9,837,614	8,703,617	7,321,065	6,334,746	5,748,811	5,344,383	4,901,424	5,320,668	4,171,431	538,218	27,232,634	
3 Total of Beginning & Ending True-Up (Lines 1 + 2)	22,648,418	21,038,690	18,081,128	15,560,053	13,707,476	12,334,206	11,119,157	10,270,158	10,393,693	9,625,097	4,678,958	17,691,949	
4 Average True-Up Amount (Line 3 x 1/2)	11,319,209	10,517,545	9,040,565	7,780,032	6,853,738	6,080,103	5,559,579	5,135,079	5,146,846	4,762,549	2,339,479	8,845,974	
5 Interest Rate (First Day of Reporting Business Month)	4.37%	4.61%	4.66%	4.88%	4.89%	5.16%	5.17%	5.37%	5.37%	5.33%	5.40%	5.34%	
6 Interest Rate (First Day of Subsequent Business Month)	4.81%	4.66%	4.83%	4.89%	5.14%	5.13%	5.31%	5.31%	5.33%	5.40%	5.34%	5.34%	
7 Total of Beginning & Ending Interest Rates (Lines 5 + 6)	9.58%	9.27%	9.54%	9.77%	10.03%	10.27%	10.50%	10.74%	10.70%	10.73%	10.74%	10.68%	
8 Average Interest Rate (Line 7 x 1/2)	4.69%	4.63%	4.77%	4.85%	5.01%	5.15%	5.25%	5.37%	5.35%	5.35%	5.37%	5.34%	
9 Monthly Average Interest Rate (Line 8 x 1/12)	0.374%	0.386%	0.398%	0.407%	0.418%	0.429%	0.438%	0.448%	0.446%	0.447%	0.448%	0.445%	
10 Interest Provision for the Month (Line 4 x Line 9)	\$ 42,334	\$ 40,568	\$ 35,981	\$ 31,685	\$ 28,640	\$ 25,963	\$ 24,351	\$ 23,035	\$ 22,980	\$ 21,289	\$ 10,467	\$ 1,769	\$ 303,517