

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 3, 2024

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

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

RE: Docket No.: 20240001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3a: Capacity Cost Recovery Clause
Audit Control No.: 2024-008-1-2

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 confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Tampa Electric Company
Capacity Cost Recovery Clause

Twelve Months Period Ended December 31, 2023

Docket No. 20240001-EI
Audit Control No. 2024-008-1-2
June 24, 2024

A handwritten signature in blue ink, appearing to read "Yen N. Ngo", written over a horizontal line.

Yen N. Ngo
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 Division of Accounting & Finance in its audit service request dated January 3, 2024. 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 Capacity Cost Recovery Clause in Docket No. 20240001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Tampa Electric Company.
CCRC refers to the Capacity Cost Recovery Clause.

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 2023 revenues and expenses to 2022. We requested explanations from the Utility for any significant changes to revenues and expenses. The Utility-provided explanations provided were sufficient and further follow-up was not required.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2023, through December 31, 2023, and to determine whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales for the CCRC.

Procedures: We reconciled the 2023 filing to the Utility's monthly revenue reports. We computed the factors by rate code and compared them to the last Commission Order No. PSC PSC-2023-0343-FOF-EI issued February 23, 2023. We selected a sample of residential and commercial bills for the months of April and September 2023 and recalculated each billing statement to verify the use of the correct tariff rate. No exceptions were noted.

Transmission Revenues

Objectives: 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-199-2512-FOF-EI, issued December 22, 1999.

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 months of April and September 2023 to the invoices and other supporting documentation and to Schedule A12. No exceptions were noted.

Expense

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 were appropriately recoverable through the CCRC.

Procedures: We traced expenses in the filing to the general ledger. We selected a sample of O&M Expenses 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.

Purchased Power Contracts

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

Procedures: We traced the purchased power capacity costs from the filing to the general ledger. We statistically sampled capacity costs for analysis. We traced capacity costs from the Capacity Purchases Detail Schedule to the vendor invoices. We reviewed the purchased power contracts, recalculated the invoices, and verified that vendors are in compliance with the contract terms and conditions. No exceptions were noted.

Incremental Security Cost

Objectives: The objective was to verify that there were no incremental security or cyber security costs recovered through the Capacity Clause.

Procedures: We reviewed the general ledger account detail for vendors charging security costs to the Utility. We noted that all security costs were recovered through base rates and not through the CCRC. No exceptions were noted.

Other

Objectives: The objective was to verify that the revenue expansion factor applied to any capital investment being recovered through the Capacity Clause did not contain a component for bad debt expense.

Procedures: We obtained a written statement from the Utility to verify that the revenue expansion factor applied to any capital investment being recovered through the clause does not contain a component for bad debt expense.

True-up

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

Procedures: We traced the December 31, 2022, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2023, using the

Commission-approved beginning balance as of December 31, 2022, the Financial Commercial Paper rates, and the 2023 CCRC revenues and costs. No exceptions were noted.

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 2023 THROUGH DECEMBER 2023

	Actual Jan-23	Actual Feb-23	Actual Mar-23	Actual Apr-23	Actual May-23	Actual Jun-23	Actual Jul-23	Actual Aug-23	Actual Sep-23	Actual Oct-23	Actual Nov-23	Actual Dec-23	Total
1 UNIT POWER CAPACITY CHARGES	2,008,890	2,007,861	409,785	1,374,678	330,055	179,643	32,080	319,605	241,360	113,489	230,908	1,289,561	8,551,402
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)	(133,815)	(161,113)	(133,240)	(153,008)	(31,169)	(26,121)	(187,897)	(143,498)	(79,170)	(70,058)	(79,420)	(107,559)	(1,305,786)
6 TOTAL CAPACITY DOLLARS	1,874,744	1,846,848	276,545	1,221,670	304,887	153,522	(155,817)	178,107	162,190	43,431	150,557	1,182,003	7,245,676
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	1,0000000
8 JURISDICTIONAL CAPACITY DOLLARS	1,874,744	1,846,848	276,545	1,221,670	304,887	153,522	(155,817)	178,107	162,190	43,431	150,557	1,182,003	7,245,676
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	(250,472)	(219,384)	(230,412)	(251,615)	(264,706)	(288,034)	(327,447)	(331,737)	(338,707)	(268,466)	(240,804)	(228,032)	(3,260,807)
10 PRIOR PERIOD TRUE-UP PROVISION	330,652	330,652	330,652	330,652	330,652	330,652	330,652	330,652	330,652	330,652	330,652	330,652	3,987,628
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	80,180	111,268	100,240	70,037	65,944	42,616	3,205	(1,085)	(8,055)	42,197	80,848	101,620	707,019
12 TRUE-UP PROVISION FOR PERIOD OVER(UNDER) RECOVERY (Line 11 - Line 8)	(1,794,564)	(1,735,260)	(176,305)	(1,142,633)	(238,943)	(110,904)	168,622	(177,282)	(170,245)	(1,234)	(60,709)	(1,080,383)	(6,538,960)
13 INTEREST PROVISION FOR PERIOD	2,577	(5,419)	(10,729)	(15,636)	(21,001)	(23,787)	(25,759)	(27,895)	(30,239)	(32,200)	(34,151)	(36,105)	(262,499)
14a OTHER ADJUSTMENT - PRECO REFUND	0	0	0	(290,554)	0	0	0	0	0	0	0	0	(290,554)
14b OTHER ADJUSTMENT	0	0	0	0	0	0	203	0	0	0	2,142	(2,142)	203
15 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER(UNDER) RECOVERY	1,751,764	(370,876)	(2,442,226)	(2,959,912)	(4,739,387)	(5,329,982)	(5,708,295)	(5,902,681)	(6,628,600)	(7,059,732)	(7,423,917)	(7,856,287)	1,751,764
17 PRIOR PERIOD TRUE-UP PROVISION COLLECTED(REFUNDED) THIS PERIOD	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(330,652)	(3,987,628)
18 END OF PERIOD TRUE-UP - OVER(UNDER) RECOVERY (SUM OF LINES 12 - 17)	(370,876)	(2,442,226)	(2,959,912)	(4,739,387)	(5,329,982)	(5,708,295)	(5,902,681)	(6,628,600)	(7,059,732)	(7,423,917)	(7,856,287)	(9,307,569)	(9,307,569)

DOCKET NO. 20240001-EI
CCR 2023 FINAL TRUE-UP
EXHIBIT NO. (ZDU-1)
DOCUMENT NO. 1
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Exhibit 2: Interest Provision

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2023 THROUGH DECEMBER 2023

	Actual Jan-23	Actual Feb-23	Actual Mar-23	Actual Apr-23	Actual May-23	Actual Jun-23	Actual Jul-23	Actual Aug-23	Actual Sep-23	Actual Oct-23	Actual Nov-23	Actual Dec-23	Total
1 BEGINNING TRUE-UP AMOUNT	1,751,764	(370,878)	(2,442,226)	(2,959,912)	(4,739,387)	(5,329,882)	(5,795,295)	(5,992,681)	(6,528,000)	(7,059,732)	(7,423,917)	(7,856,267)	1,751,764
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(373,453)	(2,436,807)	(2,949,183)	(4,723,751)	(5,308,982)	(5,771,636)	(5,959,922)	(6,500,815)	(7,020,497)	(7,391,818)	(7,822,135)	(8,259,464)	(8,754,722)
3 TOTAL BEGINNING & ENDING TRUE-UP AMT. (LINE 1 + LINE 2)	1,378,312	(2,807,682)	(5,391,409)	(7,683,693)	(10,048,369)	(11,101,520)	(11,762,217)	(12,493,296)	(13,558,097)	(14,451,350)	(15,246,053)	(17,125,751)	(7,002,958)
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	689,156	(1,403,841)	(2,695,705)	(3,841,832)	(5,024,185)	(5,550,760)	(5,881,109)	(6,248,648)	(6,779,049)	(7,225,875)	(7,623,027)	(8,562,876)	(3,501,479)
5 INTEREST RATE % - 1ST DAY OF MONTH	4.370	4.610	4.660	4.680	4.890	5.140	5.130	5.370	5.370	5.300	5.400	5.340	NA
6 INTEREST RATE % - 1ST DAY OF NEXT MONTH	4.610	4.660	4.680	4.690	5.140	5.130	5.370	5.370	5.330	5.400	5.340	5.340	NA
7 TOTAL (LINE 5 + LINE 6)	5.980	9.270	9.340	9.770	10.030	10.270	10.500	10.740	10.700	10.700	10.740	10.680	NA
8 AVERAGE INTEREST RATE % (50% OF LINE 7)	4.490	4.635	4.770	4.885	5.015	5.135	5.250	5.370	5.350	5.365	5.370	5.340	NA
9 MONTHLY AVERAGE INTEREST RATE % (LINE 8/12)	0.374	0.386	0.398	0.407	0.418	0.428	0.438	0.445	0.448	0.447	0.448	0.445	NA
10 INTEREST PROVISION (LINE 4 X LINE 9)	2,577	(5,419)	(10,729)	(15,636)	(21,001)	(23,757)	(25,759)	(27,985)	(30,239)	(32,299)	(34,161)	(36,105)	(262,499)

DOCKET NO. 20240001-EI
CCR 2023 FINAL TRUE-UP
EXHIBIT NO. _____ (ZDJ-1)
DOCUMENT NO. 1
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