

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: August 30, 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.: 20240002-EG
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3b: Energy Conservation Cost Recovery Clause (ECCR)
Audit Control No.: 2024-032-1-1

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.

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
Energy Conservation Cost Recovery

Twelve Months Ended December 31, 2023

Docket No. 20240002-EG
Audit Control No. 2024-032-1-1
August 27, 2024

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

Tony Nguyen
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 Economics in its audit service request dated February 1, 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 2024 filing for the Energy Conservation Cost Recovery in Docket No. 20240002-EG.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Tampa Electric Company.
ECCR refers to the Energy Conservation Cost Recovery.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's ECCR 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 were sufficient and further follow-up was not required.

Capital Investments

Utility Plant in Service

Objectives: The objectives were to verify the Utility's ECCR project-related additions, retirements, and adjustments for the period January 1, 2023, through December 31, 2023.

Procedures: We obtained the supporting schedules of Price Response Load Management and Residential Prime Time Plus. We traced additions, retirements, and adjustments to supporting schedules. We reconciled the total capital investments from the filing to the general ledger. We statistically selected samples from the Capital Investment listing and reconciled them to their respective invoices and supporting documentation. No exceptions were noted.

Revenue

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

Procedures: We reconciled the 2023 filing to the Utility's monthly ECCR revenue reports. We computed the factors by rate code and compared them to the last Commission Order No. PSC-2022-0422-FOF-EG. Customer Bill recalculations were completed in Docket No. 20240001-EI, Audit Control No., 2024-008-1-3. No exceptions were noted.

Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expenses listed on the Utility's Schedule CT-3 were supported by adequate documentation and that the expenses are appropriately recoverable through the ECCR.

Procedures: We traced expenses in the filing to the general ledger. We statistically selected O&M Expense samples for testing. We reviewed source documentation for the selected items to ensure that they were appropriately recoverable through the ECCR. We traced conservation program rebates to allowances approved in Order No. PSC-2022-0422-FOF-EG. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. No exceptions were noted.

Common Costs

Objectives: The objective was to verify that Utility ECCR common costs were in fact shared by all programs and not directly related to a particular program.

Procedures: We obtained a detailed listing of all common costs for 2023 and reconciled them to the general ledger. We statistically selected a sample of common costs traced to invoices. We tested invoices and supporting documentation noting proper period, proper amount, applicability to conservation and whether it belonged to more than one program. No exceptions were noted.

Depreciation and Amortization

Objectives: The objective was to verify that the most recent Commission-approved depreciation rates or amortization periods were used in calculating depreciation expense.

Procedures: We reconciled the monthly depreciation expense from Utility-supported schedules to the filing and the general ledger. We recalculated depreciation expense and amortization expense for ECCR and verified that the Utility used the Commission-approved depreciation and amortization rates. No exceptions were noted.

Other Issues

Objectives: The objective was to verify the number of program participants reported in the Utility's Florida Energy Efficiency and Conservation Act (FEECA) filing.

Procedures: We requested and verified the number of program participants reported in the Utility's FEECA filing for the following programs: Neighborhood Weatherization, Energy Planner, Standby Generator, Industrial Load Management, Residential Energy Audit and Education program, and Commercial/Industrial Energy Audit program. We verified the type of the above-mentioned program participants, and whether the participants had access to the programs through walk-through, computer-assisted, online, phone or other means. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 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 ECCR revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True Up

TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2023 through December 2023

Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Residential Conservation Audit Fees (A)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 Conservation Adjustment Revenues *	3,783,082	3,435,853	3,530,619	3,845,837	4,054,549	4,452,607	5,049,290	5,118,045	5,223,905	4,447,826	3,701,237	3,506,130	50,148,788
3 Total Revenues	3,783,082	3,435,853	3,530,619	3,845,837	4,054,549	4,452,607	5,049,290	5,118,045	5,223,905	4,447,826	3,701,237	3,506,130	50,148,788
4 Prior Period True-up	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,160</u>	<u>30,163</u>	<u>361,823</u>
5 Conservation Revenue Applicable to Period	3,813,252	3,466,013	3,560,779	3,875,997	4,084,709	4,482,767	5,079,450	5,148,205	5,254,065	4,477,986	3,731,397	3,536,293	50,510,711
6 Conservation Expenses	<u>3,646,848</u>	<u>3,701,236</u>	<u>4,136,266</u>	<u>3,632,711</u>	<u>3,877,204</u>	<u>4,027,482</u>	<u>4,083,898</u>	<u>4,438,821</u>	<u>3,695,477</u>	<u>3,927,440</u>	<u>3,632,331</u>	<u>4,134,339</u>	47,132,152
8 Regulatory Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
7 True-up This Period (Line 5 - Line 6)	166,404	(235,223)	(575,488)	43,285	207,504	455,274	965,404	711,394	1,568,588	550,347	99,066	(568,047)	3,378,569
9 Interest Provision This Period	18,520	18,937	17,868	17,139	18,071	19,870	23,467	27,796	32,723	37,521	39,093	37,761	308,766
10 True-up & Interest Provision Beginning of Period	4,893,834	5,038,598	4,792,152	4,204,372	4,234,636	4,430,051	4,875,035	5,863,806	6,572,826	8,133,977	8,691,685	8,799,684	4,893,834
11 Prior Period True-up Collected (Refunded)	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,160)</u>	<u>(30,163)</u>	<u>(361,823)</u>
12 End of Period Total Net True-up	<u>5,038,598</u>	<u>4,792,152</u>	<u>4,204,372</u>	<u>4,234,636</u>	<u>4,430,051</u>	<u>4,875,035</u>	<u>5,863,806</u>	<u>6,572,826</u>	<u>8,133,977</u>	<u>8,691,685</u>	<u>8,799,684</u>	<u>8,209,235</u>	<u>8,209,235</u>

* Net of Revenue Taxes

(A) Included in Line 6

Exhibit 2: Interest Provision

SCHEDULE CT-3
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TAMPA ELECTRIC COMPANY
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2023 through December 2023

Interest Provision	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Beginning True-up Amount	\$4,883,834	\$5,038,598	\$4,782,152	\$4,204,372	\$4,234,638	\$4,430,051	\$4,875,036	\$5,863,606	\$8,572,826	\$8,133,977	\$8,091,685	\$8,799,694	
2 Ending True-up Amount Before Interest	5,020,078	4,773,215	4,188,504	4,217,487	4,411,880	4,885,185	5,840,339	6,646,030	8,101,254	8,654,194	8,760,591	8,171,474	
3 Total Beginning & Ending True-up	<u>9,903,912</u>	<u>9,811,813</u>	<u>8,978,656</u>	<u>8,421,869</u>	<u>8,646,518</u>	<u>9,285,216</u>	<u>10,715,374</u>	<u>12,408,836</u>	<u>14,674,050</u>	<u>16,788,141</u>	<u>17,452,276</u>	<u>16,971,158</u>	
4 Average True-up Amount (50% of Line 3)	<u>4,951,956</u>	<u>4,905,907</u>	<u>4,489,328</u>	<u>4,210,935</u>	<u>4,323,259</u>	<u>4,642,608</u>	<u>5,357,687</u>	<u>6,204,418</u>	<u>7,337,040</u>	<u>8,394,071</u>	<u>8,728,138</u>	<u>8,485,579</u>	
5 Interest Rate - First Day of Month	4.370000	4.610000	4.680000	4.880000	4.890000	5.140000	5.130000	5.370000	5.370000	5.330000	5.400000	5.340000	
6 Interest Rate - First Day of Next Month	4.610000	4.680000	4.880000	4.890000	5.140000	5.130000	5.370000	5.370000	5.330000	5.400000	5.340000	5.340000	
7 Total (Line 5 + Line 6)	8.980000	9.270000	9.540000	9.770000	10.030000	10.270000	10.600000	10.740000	10.700000	10.730000	10.740000	10.680000	
8 Average Interest Rate (50% of Line 7)	4.490000	4.635000	4.770000	4.885000	5.015000	5.135000	5.250000	5.370000	5.350000	5.365000	5.370000	5.340000	
9 Monthly Average Interest Rate (Line 8/12)	0.003740	0.003880	0.003980	0.004070	0.004180	0.004280	0.004380	0.004480	0.004460	0.004470	0.004480	0.004450	
10 Interest Provision (Line 4 x Line 9)	\$18,520	\$18,937	\$17,668	\$17,139	\$18,071	\$19,870	\$23,467	\$27,798	\$32,723	\$37,621	\$39,093	\$37,761	\$308,768