

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: May 14, 2026

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

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis *LD*

RE: Docket No.: 20260001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No.: 2026-012-1-5

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
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260001-EI
Audit Control No. 2026-012-1-5
May 13, 2026

Sai Rashmitha Kolli

Sai Rashmitha Kolli
Audit Manager

Lynn M. Deamer

Lynn M. Deamer
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 Division of Accounting and Finance in its audit service request dated January 6, 2026. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2026 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20260001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the Tampa Electric Company.

Fuel Clause refers to the Fuel and Purchased Power Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (kWh) sold for the period January 1, 2025, through December 31, 2025, and whether the Company applied the Commission-approved cost recovery factor to actual kWh sales for the Fuel Clause.

Procedures: We reconciled the 2025 filing to the Company's monthly revenue reports and general ledger. We computed the factors by rate code and compared them to the last Commission Order No. PSC-2024-0481-FOF-EI, issued November 22, 2024. We selected a sample of residential and commercial bills for the month of August 2025 and traced the rate factors to the respective tariffs and Orders to check that the correct rates were being used. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to review the expenses which the Company included in the Fuel Clause and to determine whether those expenses were properly recoverable based on the requirements established in Commission Order No. 14546, issued July 8, 1985.

Procedures: We reconciled fuel expenses in the Fuel Clause to the general ledger. We reviewed and sampled fuel expenses reported on Schedules A-1 and A-2 for 2025, and other supporting documentation to determine that fuel expense included in the Fuel Clause complied with the requirements of Commission Order No. 14546. No exceptions were noted.

Generation-Related Gains

Objectives: The objectives were to determine that power sales are in agreement with Company Fuel Clause filings and that the Company has credited generation related gains derived from non-separated wholesale energy sales to the fuel clause as set forth in Commission Order No. PSC-2001-2371-FOF-EI, in Docket No. 20010283-EI, issued December 7, 2001.

Procedures: We selected one month (December 2025) of Energy Marketing energy sales transactions to sample for the period. The transactions were traced to invoices and Energy Marketing reports. The gains were recalculated and the credit was traced to the Fuel Clause. No exceptions were noted.

Payments to Qualifying Facilities

Objectives: The objective was to determine whether energy payments to qualifying facilities on Schedule A-8 were based on the appropriate standard offer or negotiated contract rate.

Procedures: We obtained the interchange purchase schedule and reconciled it to Schedule A-8 for 2025. No exceptions were noted.

Gas Storage Expense

Objectives: The objective was to determine if the gas storage costs included for recovery are representative of the Company's books.

Procedures: We reconciled the gas storage ledger, summary report, and selected one gas storage contract to reconcile to the ledger. No exceptions were noted.

Firm Transportation Service

Objectives: The objective was to determine whether the firm transportation service (FTS) charge for transporting natural gas agrees with the FTS rate schedules from the pipeline company's tariff.

Procedures: We requested the ledger of FTS charges from the Company, acquired the FTS charges tariffs from the Florida Gas Transmission Company (FGT) Transfer website, and reconciled a FGT contract to the tariff rates. No exceptions were noted.

Purchased Power

Objective: The objective was to determine whether purchased power payments on Schedules A-7 and A-9 were supported by proper source documentation.

Procedures: We obtained the interchange purchase schedule and reconciled it to Schedules A-7 and A-9 for 2025. No exceptions were noted.

Inventory

Coal Inventory Analysis

Objectives: The objective was to determine whether the Company has correctly recorded coal inventory adjustments due to the difference between per book and semi-annual survey results as discussed in Order No. PSC-1997-0359-FOF-EI, issued March 31, 1997.

Procedures: We obtained TECO's coal inventory analysis, inventory adjustment, and survey reports. We recalculated the adjustments and reconciled them to the survey reports and inventory analysis. We verified that the inventory adjustment calculations were consistent with the requirements of Commission Order No. PSC-1997-0359-FOF-EI. The inventory adjustments were traced to the filing and the ledger. No exceptions were noted.

Other

Oil and Gas Purchases

Objectives: The objectives were to determine whether the coal and oil purchases on Form 423 reconcile with the monthly Schedule A-5, contractual obligations, and source documentation.

Procedures: We reconciled the June 2025 coal and oil purchases on Form 423 with the filing and the supporting documentation. No exceptions were noted.

Incentive Mechanism Review

Objective: The objectives were to determine that: 1) Asset Optimization measures trace to proper source documentation, that the gain calculation is reasonable and that the transactions appear to be at arms length; 2) Incremental Optimization Costs, gains on short term power sales, and savings on short term purchases appear to be reasonable.

Procedures: We obtained the Optimization Mechanism tables filed in Docket No. 20260001-EI. We reconciled the above supporting documentation with the general ledger to confirm the correct amounts and thresholds were being used. We also reviewed transactions to determine if transactions were at arms-length and if transactions labeled short-term were identified correctly. No exceptions were noted.

Generating Performance Incentive Factor

Objective: The objective was to determine that service hours, reserve shutdown, and unavailable hours for Generating Performance Incentive Factor (GPIF) are in agreement with source documentation.

Procedures: We obtained the Actual Unit Performance Data report from the GPIF report. We also obtained a data output schedule from the Generating Availability Data System (GADS). We selected the month of December 2025 and traced the net capability from the GPIF filing to the December 2025 A-4 filing. We also traced the net generation, net availability factor, and average net heat rate from the Actual Performance Data report. No exceptions were noted.

Waterborne

Objective: The objectives was to review and verify payments the Company made in 2025 under waterborne and rail coal transportation contracts.

Procedures: We asked the Company for a list of payments made in 2025 under waterborne and rail coal transportation and reviewed the response. No exceptions were noted.

Revenue Expansion Factor

Objective: The objective was to verify that the revenue expansion factor applied to any capital investment being recovered through the fuel clause does not contain a component for bad debt expense.

Procedures: We obtained a written statement from the Company to verify that the revenue expansion factor applied to any capital investment being recovered through the fuel clause does not contain a component for bad debt expense. No further work performed.

Vendor Rebates

Objective: The objective was to determine that the Company has credited vendor rebates and refunds to its recoverable fuel costs for the year ending December 31, 2025.

Procedures: We requested a schedule of all vendor rebates, quality discounts, and refunds received by the Company for the period January through December 2025. The Company stated that it did not have any vendor rebates, discounts, or refunds for the year 2025. No further work performed.

True-up

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

Procedures: We traced the December 31, 2024, True-Up Provision to Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission-approved beginning balance as of December 31, 2024, the Financial Commercial Paper rates, and the 2025 Fuel Clause revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Company's Fuel Clause Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared revenues and expenses for the period of 2022 through 2025. Explanations were requested for identified percentage variance, and the responses received were satisfactory. No further work performed.

Audit Findings

None

Exhibit

Exhibit 1: True-Up and Interest Provision

DOCKET NO. 20260001-EI
 FAC 2025 FINAL TRUE-UP
 EXHIBIT NO. ____ (ZJP-1)
 DOCUMENT NO. 3
 PAGE 1 OF 1

TAMPA ELECTRIC COMPANY
 CALCULATION OF TRUE-UP AMOUNT
 ACTUAL vs. ORIGINAL ESTIMATES
 FOR THE PERIOD
 JANUARY 2025 THROUGH DECEMBER 2025

	ACTUAL	ESTIMATED	VARIANCE AMOUNT	%
A 1. FUEL COST OF SYSTEM NET GENERATION	\$603,533,836	\$654,294,635	(\$50,760,799)	(7.8)
2. FUEL COST OF POWER SOLD	(10,026,572)	(1,021,604)	(9,004,968)	881.5
2a. GAINS FROM SALES	(6,877,355)	(54,316)	(6,823,039)	12,561.7
3. FUEL COST OF PURCHASED POWER	89,075,996	10,637,071	78,438,925	737.4
3a. DEMAND & NONFUEL COST OF PUR. PWR.	0	0	0	0.0
3b. PAYMENT TO QUALIFIED FACILITIES	2,360,512	3,149,950	(789,438)	(25.1)
4. ENERGY COST OF ECONOMY PURCHASES	51,101,553	27,325,154	23,776,399	87.0
5. ADJUSTMENTS	0	0	0	0.0
6. ADJUSTED TOTAL FUEL & NET PWR. TRANS. (SUM OF LINES A1 THRU A5)	<u>\$729,167,970</u>	<u>\$694,330,890</u>	<u>\$34,837,080</u>	<u>5.0</u>
B 1. JURISDICTIONAL FUEL REVENUE	\$683,710,351	\$670,585,951	\$13,124,400	2.0
2. FUEL ADJUSTMENT NOT APPLICABLE	0	0	0	0.0
2a. TRUE-UP PROVISION	28,431,329	28,431,329	0	0.0
2b. INCENTIVE PROVISION	(1,830,750)	(1,830,750)	0	0.0
2c. 2023 ASSET OPTIMIZATION MECHANISM GAIN	<u>(3,122,688)</u>	<u>(3,122,688)</u>	<u>0</u>	<u>0.0</u>
3. JURIS. FUEL REVENUE APPL. TO PERIOD (Sum of Lines B1 through B2c)	<u>\$707,188,242</u>	<u>\$694,063,842</u>	<u>\$13,124,400</u>	<u>1.9</u>
4. JURISD. TOTAL FUEL & NET PWR. TRANS.	<u>729,167,970</u>	<u>694,330,890</u>	<u>34,837,080</u>	<u>5.0</u>
5. TRUE-UP PROV. - THIS PER. (LINE B3-B4)	(\$21,979,728)	(\$267,048)	(\$21,712,680)	8,130.6
6. INTEREST PROVISION - THIS PERIOD	692,606	229,585	463,021	201.7
7. TOTAL TRUE-UP AMOUNT FOR PERIOD (LINE B5 through B6)	<u>(\$21,287,122)</u>	<u>(\$37,463)</u>	<u>(\$21,249,659)</u>	<u>56,722.1</u>
8. TRUE-UP & INT. PROV. BEG. OF PERIOD (Beginning January 2025)	60,647,508	60,647,508	0	0.0
9. TRUE-UP COLLECTED (REFUNDED)	<u>(28,431,329)</u>	<u>(28,431,329)</u>	<u>0</u>	<u>0.0</u>
10. END OF PERIOD TOTAL NET TRUE-UP (LINE B7 through B9)	<u>\$10,929,057</u>	<u>\$32,178,716</u>	<u>(\$21,249,659)</u>	<u>(66.0)</u>