

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: Capacity Cost Recovery Clause
Audit Control No.: 2026-012-1-6

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
Capacity Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260001-EI
Audit Control No. 2026-012-1-6
May 13, 2026

A handwritten signature in purple ink, reading "Jeevan Reddy S".

Jeevan Reddy Shivashankara Reddy
Audit Manager

A handwritten signature in blue ink, reading "Lynn M Deamer".

Lynn Deamer
Audit 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 & 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 2025 filing for the Capacity 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.
CCRC refers to the Capacity Cost Recovery Clause.

Revenue

Operating Revenues

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

Procedures: We reconciled the 2025 filing to the Company's monthly revenue reports and the general ledger. The recalculation of customer bills was performed in Docket 2026001-EI, Audit Control No. 2026-012-1-5. 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-1999-2512-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 Company's Capacity Purchases and Capacity Sales Detail Schedules for the each month of 2025 to the invoices and other supporting documentation and to Schedule A12. No exceptions were noted.

Expense

Purchased Power Contracts

Objectives: The objectives were to determine whether the capacity charges listed on the Company's filing were supported by adequate documentation and that the capacity charges were appropriately recoverable through the CCRC.

Procedures: We traced purchased power expenses in the filing to the general ledger. We judgmentally selected a sample of purchased power contracts for testing. The source documentation for the selected items were reviewed to ensure the expense were related to the CCRC and that the expense were charged to the correct accounts. 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 CCRC.

Procedures: We requested the incremental security and cyber security costs recovered through the CCRC from the Company, and determined that the Company did not have any incremental security or cyber security costs. No further work performed.

Other

Revenue Expansion Factor

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

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

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, 2024, True-Up Provision to the 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 CCRC revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared the revenues and expenses from 2023 to 2025. We requested explanations from the Company for any significant changes to revenues and expenses. The Company-provided explanations were sufficient and further follow-up was not required.

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 2025 THROUGH DECEMBER 2025

	Actual Jan-25	Actual Feb-25	Actual Mar-25	Actual Apr-25	Actual May-25	Actual Jun-25	Actual Jul-25	Actual Aug-25	Actual Sep-25	Actual Oct-25	Actual Nov-25	Actual Dec-25	Total
1 UNIT POWER CAPACITY CHARGES	3,606,501	6,805,554	1,669,098	2,312,510	3,591,453	5,049,092	4,277,610	3,521,079	423,941	1,644,055	164,847	229,415	35,315,159
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)	(571,904)	(255,775)	(163,156)	(160,501)	(83,981)	(134,536)	(277,652)	(34,415)	(53,214)	(56,635)	(56,635)	(257,370)	(2,105,975)
6 TOTAL CAPACITY DOLLARS	3,034,597	6,549,778	1,525,942	2,152,009	3,507,472	4,914,556	3,999,758	3,486,664	370,727	1,587,424	108,212	(27,955)	33,209,184
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	3,034,597	6,549,778	1,525,942	2,152,009	3,507,472	4,914,556	3,999,758	3,486,664	370,727	1,587,424	108,212	(27,955)	33,209,184
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	1,310,625	1,318,203	1,170,926	1,270,423	1,504,735	1,663,865	1,686,428	1,612,316	1,706,286	1,576,603	1,361,524	1,198,234	17,602,110
10 PRIOR PERIOD TRUE-UP PROVISION	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(936,414)	(11,236,969)
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	374,211	381,789	234,512	334,009	568,321	747,351	750,014	675,904	769,872	642,189	425,110	261,820	6,365,142
12 TRUE-UP PROVISION FOR PERIOD OVER(Under) RECOVERY (Line 11 - Line 8)	(2,660,385)	(6,167,969)	(1,291,430)	(1,818,000)	(2,939,151)	(4,167,165)	(3,249,744)	(2,610,760)	399,145	(945,235)	316,898	289,775	(25,844,042)
13 INTEREST PROVISION FOR PERIOD	(76,450)	(92,981)	(105,499)	(108,208)	(114,394)	(124,571)	(134,654)	(141,526)	(138,655)	(131,717)	(125,968)	(118,803)	(1,415,425)
14a OTHER ADJUSTMENT-	0	0	0	0	0	0	0	0	0	0	0	0	0
14b OTHER ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
15 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER(Under) RECOVERY	(20,198,503)	(21,998,925)	(29,323,461)	(29,784,596)	(30,774,790)	(32,891,920)	(36,247,242)	(38,695,226)	(40,511,098)	(39,314,194)	(39,454,732)	(38,328,388)	(20,198,503)
16 PRIOR PERIOD TRUE-UP PROVISION COLLECTED(REFUNDED) THIS PERIOD	536,414	936,414	936,414	936,414	936,414	936,414	936,414	936,414	936,414	936,414	936,414	936,414	11,236,969
17 END OF PERIOD TRUE-UP - OVER(Under) RECOVERY (SUM OF LINES 12 - 16)	(21,998,925)	(29,323,461)	(29,784,996)	(30,774,790)	(32,891,920)	(36,247,242)	(38,695,226)	(40,511,098)	(39,314,194)	(39,454,732)	(38,328,388)	(37,221,002)	(37,221,002)

Exhibit 2: Interest Provision

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2025 THROUGH DECEMBER 2025

	Actual Jan-25	Actual Feb-25	Actual Mar-25	Actual Apr-25	Actual May-25	Actual Jun-25	Actual Jul-25	Actual Aug-25	Actual Sep-25	Actual Oct-25	Actual Nov-25	Actual Dec-25	Total
1 BEGINNING TRUE-UP AMOUNT	(20,188,503)	(21,998,925)	(29,323,481)	(29,784,986)	(30,774,788)	(32,891,828)	(36,247,242)	(38,695,226)	(40,511,088)	(39,314,184)	(39,454,732)	(38,328,388)	(20,188,503)
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(21,922,475)	(29,230,500)	(29,678,497)	(30,688,582)	(32,777,527)	(36,122,871)	(36,568,572)	(40,389,572)	(39,175,539)	(39,323,015)	(38,201,420)	(37,102,186)	(35,805,578)
3 TOTAL BEGINNING & ENDING TRUE-UP AMT. (LINE 1 + LINE 2)	(42,120,978)	(51,229,425)	(59,001,978)	(60,461,578)	(63,552,317)	(69,014,591)	(74,807,814)	(79,084,798)	(78,886,637)	(78,637,209)	(77,656,152)	(75,430,587)	(56,004,079)
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(21,080,489)	(25,614,713)	(29,500,989)	(30,225,789)	(31,776,159)	(34,507,296)	(37,403,907)	(39,532,399)	(39,843,319)	(39,318,605)	(38,828,076)	(37,715,294)	(28,002,040)
5 INTEREST RATE % - 1ST DAY OF MONTH	4.360	4.350	4.350	4.320	4.280	4.350	4.310	4.320	4.280	4.080	3.980	3.890	NA
6 INTEREST RATE % - 1ST DAY OF NEXT MONTH	4.350	4.350	4.320	4.280	4.350	4.310	4.320	4.280	4.080	3.980	3.860	3.860	NA
7 TOTAL (LINE 5 + LINE 6)	8.710	8.700	8.670	8.600	8.630	8.660	8.630	8.580	8.340	8.040	7.850	7.560	NA
8 AVERAGE INTEREST RATE % (50% OF LINE 7)	4.355	4.350	4.335	4.300	4.315	4.330	4.315	4.280	4.170	4.020	3.925	3.775	NA
9 MONTHLY AVERAGE INTEREST RATE % (LINE 8/12)	0.363	0.363	0.361	0.368	0.360	0.361	0.360	0.358	0.348	0.336	0.327	0.315	NA
10 INTEREST PROVISION (LINE 4 X LINE 9)	(78,450)	(92,981)	(106,499)	(108,208)	(114,394)	(124,571)	(134,854)	(141,528)	(136,855)	(131,717)	(126,985)	(118,883)	(1,415,428)