

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 3, 2021
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 20210001-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3a: Capacity Cost Recovery Clause
Audit Control No: 2021-007-2-4

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 Commission Clerk. There are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.

State of Florida



Public Service Commission

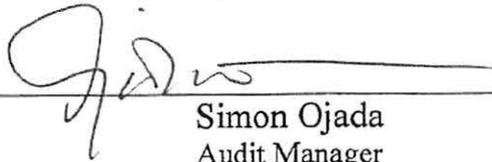
Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Tampa Electric Company
Capacity Cost Recovery Clause

Twelve Months Ended December 31, 2020

Docket No. 20210001-EI
Audit Control No. 2021-007-2-4
April 26, 2021


Simon Ojada
Audit Manager

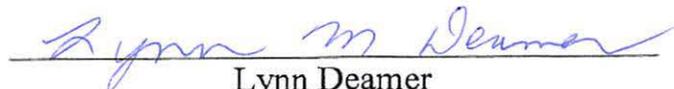

Lynn Deamer
Reviewer

Table of Contents

Purpose 1

Objectives and Procedures.....2

Audit Findings

 None.....4

Exhibit

 1: True-Up5

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 7, 2021. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2020 filing for the Capacity Cost Recovery Clause in Docket No. 20210001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to the Tampa Electric Company.

CCRC refers to the Capacity Cost Recovery Clause.

Revenues

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2020, through December 31, 2020, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the CCRC.

Procedures: We reconciled Capacity Revenues reported in the 2020 CCRC Filing to the Utility's monthly reports and the general ledger. We recalculated general ledger revenues net of regulatory assessment fees and reconciled to the CCRC Filing. We traced Capacity Revenues by rate class for January – December 2020 to the monthly Capacity summary reports. A random sampling of residential and commercial customers' bills test was performed by rate class in the Environmental Cost Recovery Clause Audit, Docket No. 20210007-EI, to verify that the correct tariff rate was used. No exceptions were noted.

Transmission Revenues

Objective: 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.

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 month of April 2020 to the invoices and other supporting documentation and to Schedule A12. No exceptions were noted.

Expenses

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 are appropriately recoverable through the CCRC.

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

Purchase Power Contracts

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

Procedures: We selected January and August 2020 capacity cost for analysis. We traced capacity costs from the Capacity Purchases Detail Schedule to the vendor invoices. We selectively recalculated invoices and verified that vendors are in compliance with the latest contract terms and conditions. No exceptions were noted.

Incremental Security Cost

Objective: The objective was to determine whether the security costs recovered are incremental to the security costs recovered in base rates.

Procedure: We reviewed the general ledger account detail for vendors charging security costs to the Utility. No security costs were included in the CCRC. No exceptions were noted.

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, 2019, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2020, using the Commission approved beginning balance as of December 31, 2019, the Financial Commercial Paper rates, and the 2020 CCRC revenues and costs. No exceptions were noted.

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 2020 to 2019 and 2018 revenues and expenses. There were no significant variances. 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 2020 THROUGH DECEMBER 2020

	Actual Jan-20	Actual Feb-20	Actual Mar-20	Actual Apr-20	Actual May-20	Actual Jun-20	Actual Jul-20	Actual Aug-20	Actual Sep-20	Actual Oct-20	Actual Nov-20	Actual Dec-20	Total
1 UNIT POWER CAPACITY CHARGES	497,430	343,840	10,263	693,766	662,599	918,608	825,073	1,284,262	1,012,685	788,175	780,735	1,139,682	8,955,128
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)	(89,627)	(89,063)	(88,006)	(82,178)	(81,228)	(89,792)	(81,911)	(51,634)	(71,006)	(183,392)	(85,093)	(82,458)	(1,003,400)
6 TOTAL CAPACITY DOLLARS	407,803	274,777	(75,745)	611,588	581,373	848,816	763,162	1,232,628	941,677	594,783	715,642	1,057,224	7,951,728
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	
8 JURISDICTIONAL CAPACITY DOLLARS	407,803	274,777	(75,745)	611,588	581,373	848,816	763,162	1,232,628	941,677	594,783	715,642	1,057,224	7,951,728
9 CAPACITY COST RECOVERY REVENUES (Net of Revenue Taxes)	120,339	117,855	116,622	131,899	132,308	(189,542)	(214,917)	(216,974)	(205,689)	(191,724)	(177,780)	(155,903)	(733,588)
10 PRIOR PERIOD TRUE-UP PROVISION	(181,601)	(181,601)	(181,601)	(181,601)	(181,601)	419,815	419,815	419,815	419,815	419,815	419,815	419,815	2,030,702
11 CAPACITY COST RECOVERY REVENUES APPLICABLE TO CURRENT PERIOD (Net of Revenue Taxes)	(61,262)	(63,946)	(64,979)	(49,602)	(49,293)	230,273	204,898	202,841	214,148	228,091	242,035	263,914	1,297,114
12 TRUE-UP PROVISION FOR PERIOD OVER/(UNDER) RECOVERY (Line 11 - Line 9)	(489,065)	(338,723)	10,786	(861,180)	(630,668)	(618,543)	(558,264)	(1,029,787)	(727,531)	(366,692)	(473,607)	(793,310)	(8,654,614)
13 INTEREST PROVISION FOR PERIOD	(3,096)	(12)	3,626	2,182	110	260	418	294	131	47	8	(98)	4,058
14 OTHER ADJUSTMENT	0	4,856,328	0	0	0	4,069,905	0	0	0	239,712	0	0	9,165,948
15 TRUE-UP AND INT. PROVISION BEGINNING OF PERIOD - OVER/(UNDER) RECOVERY	(2,067,988)	(2,358,549)	2,340,646	2,536,839	2,059,432	1,610,475	4,644,273	3,666,610	2,217,302	1,070,088	523,340	(370,074)	(2,067,989)
16 PRIOR PERIOD TRUE-UP PROVISION COLLECTED/(REFUNDED) THIS PERIOD	181,601	181,601	181,601	181,601	181,601	(419,815)	(419,815)	(419,815)	(419,815)	(419,815)	(419,815)	(419,815)	(2,030,702)
17 END OF PERIOD TRUE-UP - OVER/(UNDER)	(2,358,549)	2,340,646	2,536,839	2,059,432	1,610,475	4,644,273	3,666,610	2,217,302	1,070,088	523,340	(370,074)	(1,583,299)	(1,583,299)

Exhibit 1: True-Up (Cont'd)

TAMPA ELECTRIC COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY 2020 THROUGH DECEMBER 2020

	Actual Jan-20	Actual Feb-20	Actual Mar-20	Actual Apr-20	Actual May-20	Actual Jun-20	Actual Jul-20	Actual Aug-20	Actual Sep-20	Actual Oct-20	Actual Nov-20	Actual Dec-20	Total
1 BEGINNING TRUE-UP AMOUNT	(2,067,989)	(2,358,549)	2,340,646	2,536,839	2,069,432	1,610,475	4,644,273	3,666,610	2,217,302	1,070,068	523,340	(370,074)	(2,067,989)
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(2,355,453)	2,340,658	2,533,013	2,057,250	1,610,365	4,644,022	3,666,194	2,217,008	1,069,956	263,581	(370,062)	(1,583,201)	(10,753,305)
3 TOTAL BEGINNING & ENDING TRUE-UP AMT. (LINE 1 + LINE 2)	(4,423,442)	(17,891)	4,873,659	4,594,089	3,689,797	6,254,497	8,310,467	5,883,618	3,287,258	1,333,669	153,258	(1,953,275)	(12,821,294)
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(2,211,721)	(8,946)	2,436,830	2,297,045	1,834,899	3,127,249	4,155,234	2,941,809	1,643,629	676,835	76,629	(976,638)	(6,410,647)
5 INTEREST RATE % - 1ST DAY OF MONTH	1.710	1.640	1.560	2.210	0.060	0.080	0.110	0.120	0.130	0.070	0.100	0.140	NA
6 INTEREST RATE % - 1ST DAY OF NEXT MONTH	1.640	1.560	2.210	0.060	0.080	0.110	0.120	0.130	0.070	0.100	0.140	0.100	NA
7 TOTAL (LINE 5 + LINE 6)	3.350	3.200	3.770	2.270	0.140	0.190	0.230	0.250	0.200	0.170	0.240	0.240	NA
8 AVERAGE INTEREST RATE % (50% OF LINE 7)	1.675	1.600	1.885	1.135	0.070	0.095	0.115	0.125	0.100	0.085	0.120	0.120	NA
9 MONTHLY AVERAGE INTEREST RATE % (LINE 8/12)	0.140	0.133	0.157	0.095	0.006	0.008	0.010	0.010	0.008	0.007	0.010	0.010	NA
10 INTEREST PROVISION (LINE 4 X LINE 9)	(3,095)	(12)	3,826	2,182	110	250	416	264	131	47	8	(68)	4,058