

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: June 16, 2021
TO: Office of Commission Clerk
FROM: Office of Auditing and Performance Analysis *MA*
RE: Docket No.: 20210010-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3g: Storm Protection Plan Cost Recovery Clause
Audit Control No: 2021-015-2-1

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

/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
Storm Protection Plan Cost Recovery Clause

As of December 31, 2020

Docket No. 20210010-EI
Audit Control No. 2021-015-2-1

June 1, 2021

A blue ink signature of Simon Ojada, written in a cursive style, positioned above a horizontal line.

Simon Ojada
Audit Manager

A blue ink signature of Ronald Mayrides, written in a cursive style, positioned above a horizontal line.

Ronald Mayrides
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 7, 2021. We have applied these procedures to the attached schedules prepared by Tampa Electric Company in support of its filing for Storm Protection Plan Cost Recovery in Docket No. 20210010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

TEC or Utility refers to Tampa Electric Company.

SPPCRC refers to Storm Protection Plan Cost Recovery Clause.

SPP refers to Storm Protection Plan.

Background

On April 1, 2020, Tampa Electric filed supports for Storm Protection Cost Recovery Factor, Actual for the period January 2020 – December 2020 and the 2020 Storm Protection Plan Accomplishments.

Objective: The objective was to determine any 2020 adjustments to the CWIP jurisdictional beginning and/or year ending balances, including adjustments and additions that may be impacting the calculation of the 2020 final true-up amount.

Procedures: We verified all capital additions- Distribution Lateral Undergrounding, Distribution Overhead Feeder Hardening, and Transmission Asset Upgrades. We reviewed the calculation of the jurisdictional Return On Investment (ROI) and depreciation. We verified that jurisdictional factors were applied to the total system recoverable expenses. No exceptions were noted.

Objective: The objective was to reconcile 2020 actual costs to the general ledger.

Procedures: We reconciled the 2020 actual SPP costs to the general ledger. No exceptions were noted.

Objectives: The objectives were to determine the Operation and Maintenance expenses included for cost recovery and to verify that the Company's procedures are in accordance with Order No. PSC-2020-0224-AS-EI.

Procedures: We reconciled all O&M program costs to the General ledger. We verified that all the O&M programs included in the cost recovery were in accordance with Order No. PSC-2020-0224-AS-EI. No exceptions were noted.

Objectives: The objectives were to determine whether the Utility appropriately implemented procedures so that each of the 2020 SPPCRC amounts are distinct amounts that are unique and traceable to only one Storm Protection Plan Program.

Procedures: We verified that all SPP programs and projects are identified using company's accounting system attributes including funding projects, work orders and plant maintenance orders work requests. Each SPP project is assigned a specific number with a code indicating which SPP program the costs are attributable to. No exceptions were noted.

Objective: The objective was to determine whether TEC appropriately implemented procedures that identified its 2020 SPPCRC O&M amounts, net of base rates amounts, are consistent with Orders No. PSC-2020-0224-AS-EI and PSC-2020-0293-AS-EI.

Procedures: We verified that TEC appropriately implemented procedures by adjusting O&M revenue requirements downward by \$10.4 million to the SPPCRC as approved by the Commission in the company's 2020 Settlement Agreement. The costs for O&M items included in SPP are only recovered in the SPPCRC and are not included in base rates. No exceptions were noted.

Objective: The objective was to determine whether TEC appropriately implemented procedures that identified its 2020 SPPCRC costs for capitalized items that are net of base rates amounts consistent with Orders No. PSC-2020-0224-AS-EI and PSC-2020-0293-AS-EI.

Procedures: We verified that TEC appropriately implemented procedures by only including capital expenditures for SPP projects initiated after April 10, 2020 to ensure that the costs for capitalized items included in SPP are only recovered in the SPPCRC and are not included in base rates. No exceptions were noted.

Objective: The objective was to determine whether TEC appropriately implemented procedures that identified its 2020 SPPCRC AFUDC costs for capitalized items that are net of base rates amounts consistent with Rule 25-6.0141, F.A.C., and Orders No. PSC-2020-0224-AS-EI and PSC-2020-0293-AS-EI.

Procedures: We verified that none of the projects proposed in TEC 2020-2021 SPP meet the criteria for AFUDC eligibility. 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 recalculated the True-Up and Interest Provision amounts as of December 31, 2020, using the Financial Commercial Paper rates, and the 2020 revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

Tampa Electric Company Storm Protection Plan Cost Recovery Clause Final True-Up Prior Period: January through December 2020														Form A-2 Page 1 of 1
Calculation of True-Up Amount (in Dollars)														
Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total	
1. Clause Revenues (net of Revenue Taxes)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
2. True-Up Provision	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
3. Clause Revenues Applicable to Period (Lines 1 + 2)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
4. Jurisdictional SPPCRC Costs														
a. O&M Activities (Form 5A, Line 13) (A)	\$ 111,566	\$ 14,183	\$ 467,638	\$ 400,504	\$ 644,903	\$ 418,361	\$ 615,425	\$ 467,103	\$ 444,010	\$ 645,396	\$ 246,369	\$ 302,013	\$ 4,777,470	
b. Capital Investment Projects (Form 7A, Line 7.c.)	\$ 0	\$ 0	\$ 0	\$ 4	\$ 105	\$ 1,073	\$ 5,362	\$ 12,342	\$ 22,436	\$ 37,818	\$ 55,033	\$ 82,260	\$ 216,433	
c. Total Jurisdictional SPPCRC Costs	\$ 111,566	\$ 14,183	\$ 467,638	\$ 400,508	\$ 645,008	\$ 419,434	\$ 620,787	\$ 479,445	\$ 466,447	\$ 683,214	\$ 301,402	\$ 384,273	\$ 4,993,903	
5. Over/Under Recovery (Line 3 - Line 4c)	\$(111,566)	\$ (14,183)	\$ (467,638)	\$ (400,508)	\$ (645,008)	\$ (419,434)	\$ (620,787)	\$ (479,445)	\$ (466,447)	\$ (683,214)	\$ (301,402)	\$ (384,273)	\$ (4,993,905)	
6. Interest Provision (Form A-3, Line 10)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (79)	\$ (148)	\$ (237)	\$ (292)	\$ (271)	\$ (278)	\$ (446)	\$ (480)	\$ (2,231)	
7. Beginning Balance True-Up & Interest Provision	\$ 0	\$ (111,566)	\$ (125,749)	\$ (593,387)	\$ (993,895)	\$ (1,638,982)	\$ (2,058,564)	\$ (2,679,588)	\$ (3,159,325)	\$ (3,626,043)	\$ (4,309,535)	\$ (4,611,383)	\$ 0	
a. Deferred True-Up from January to December 2019	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
8. True-Up Collected/(Refunded) (see Line 2)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
9. End of Period Total True-Up (Lines 5+6+7a+8)	\$(111,566)	\$ (125,749)	\$ (593,387)	\$ (993,895)	\$ (1,638,982)	\$ (2,058,564)	\$ (2,679,588)	\$ (3,159,325)	\$ (3,626,043)	\$ (4,309,535)	\$ (4,611,383)	\$ (4,996,136)	\$ (4,996,136)	
10. Adjustment to Period True-Up Including Interest	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
11. End of Period Total True-Up (Lines 9 + 10)	\$(111,566)	\$ (125,749)	\$ (593,387)	\$ (993,895)	\$ (1,638,982)	\$ (2,058,564)	\$ (2,679,588)	\$ (3,159,325)	\$ (3,626,043)	\$ (4,309,535)	\$ (4,611,383)	\$ (4,996,136)	\$ (4,996,136)	

Exhibit 1 (cont'd)

Tampa Electric Company Storm Protection Plan Cost Recovery Clause Final True-Up Prior Period: January through December 2020 Calculation of Interest Provision for True-Up Amount (in Dollars)													Form A-3 Page 1 of 1
Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Beginning True-Up Amount (Form A-2, Line 7+7a+10)	\$ 0	\$ (111,566)	\$ (125,749)	\$ (593,387)	\$ (993,895)	\$ (1,638,982)	\$ (2,058,564)	\$ (2,679,588)	\$ (3,159,325)	\$ (3,626,043)	\$ (4,309,535)	\$ (4,611,383)	
2. Ending True-Up Amount Before Interest	<u>\$ (111,566)</u>	<u>\$ (125,749)</u>	<u>\$ (593,387)</u>	<u>\$ (993,895)</u>	<u>\$ (1,638,903)</u>	<u>\$ (2,058,416)</u>	<u>\$ (2,679,351)</u>	<u>\$ (3,159,033)</u>	<u>\$ (3,625,772)</u>	<u>\$ (4,309,257)</u>	<u>\$ (4,610,937)</u>	<u>\$ (4,995,656)</u>	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	<u>\$ (111,566)</u>	<u>\$ (237,315)</u>	<u>\$ (719,136)</u>	<u>\$ (1,587,282)</u>	<u>\$ (2,632,798)</u>	<u>\$ (3,697,398)</u>	<u>\$ (4,737,915)</u>	<u>\$ (5,838,621)</u>	<u>\$ (6,785,097)</u>	<u>\$ (7,935,300)</u>	<u>\$ (8,920,472)</u>	<u>\$ (9,607,039)</u>	
4. Average True-Up Amount (Line 3 x 1/2)	\$ (55,783)	\$ (118,658)	\$ (359,568)	\$ (793,641)	\$ (1,316,399)	\$ (1,848,699)	\$ (2,368,958)	\$ (2,919,311)	\$ (3,392,549)	\$ (3,967,650)	\$ (4,460,236)	\$ (4,803,520)	
5. Interest Rate (First Day of Reporting Business Month)	1.71%	1.64%	1.56%	2.21%	0.06%	0.08%	0.11%	0.12%	0.13%	0.07%	0.10%	0.14%	
6. Interest Rate (First Day of Subsequent Business Month)	1.64%	1.56%	2.21%	0.06%	0.08%	0.11%	0.12%	0.13%	0.07%	0.10%	0.14%	0.10%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	3.35%	3.20%	3.77%	2.27%	0.14%	0.19%	0.23%	0.25%	0.20%	0.17%	0.24%	0.24%	
8. Average Interest Rate (Line 7 x 1/2)	1.675%	1.600%	1.885%	1.135%	0.070%	0.095%	0.115%	0.125%	0.100%	0.085%	0.120%	0.120%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.140%	0.133%	0.157%	0.095%	0.006%	0.008%	0.010%	0.010%	0.008%	0.007%	0.010%	0.010%	
10. Interest Provision for the Month (Line 4 x Line 9)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (79)</u>	<u>\$ (148)</u>	<u>\$ (237)</u>	<u>\$ (292)</u>	<u>\$ (271)</u>	<u>\$ (278)</u>	<u>\$ (446)</u>	<u>\$ (480)</u>	<u>\$ (2,231)</u>