

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-**

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**DATE:** February 16, 2024

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

**FROM:** Donna Brown, Bureau Chief, Office of Auditing and Performance Analysis *DB*

**RE:** Docket No.: 20230019-EI  
Company Name: Tampa Electric Company  
Company Code: EI806  
Audit Purpose: A1d: Comprehensive Earnings Review – Limited Scope  
Audit Control No.: 2023-285-2-2

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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 and Performance Analysis

State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing

### Auditor's Report

Tampa Electric Company  
Storm Recovery Cost Audit

**January 1, 2020 through September 30, 2023**

Docket No. 20230019-EI

Audit Control No. 2023-285-2-2

**February 14, 2024**

*Ronald A. Mavrides*

Ronald A. Mavrides  
Audit Manager

*Brian Lenberg*

Brian Lenberg  
Audit Staff

*Donna Brown*

Donna Brown  
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 October 12, 2023. We have applied these procedures to the attached schedules prepared by Tampa Electric Company in support of its filing for rate relief in Docket No. 20230019-EI.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

TECO Energy, Inc. hereinafter referred to as TECO, or Utility

Incremental Costs are costs that are incremental to costs normally charged to non-cost recovery clause operating expenses in the absence of a storm.

Non-incremental Costs are costs that are not incremental to costs normally charged to non-cost recovery clause operating expenses in the absence of a storm.

#### Background

On September 29, 2023, TECO filed a Petition for Approval of Actual Storm Restoration Costs related to (1) Hurricane Alberto, Dorian, Nestor, Eta, Elsa, Ian, and Nicole, (2) costs for an external audit and (3) costs for the purchase of ARCOS (a GPS system for tracking work crews).

TECO is seeking total retail recovery in the amount of \$135,099,098. This is pursuant to Rules 28-106.201 and 25-6.0431, Florida Administrative Code (“F.A.C.”) and the 2021 Settlement Agreement approved by the Florida Public Service Commission in Order No. PSC-2023-0116-PCO-EI..

In accordance with these requirements in the Order, TECO submitted a petition to provide the required documentation of actual recoverable storm costs and proposed a final true-up mechanism for the Interim Storm Restoration Charge.

### **Expense**

#### Payroll, Overhead and Related Costs

**Objectives:** The objective was to determine whether payroll, overhead, and related costs were properly stated, were storm-related, and are recoverable pursuant to Rule 25-6.0143, Florida Administrative Code (F.A.C.).

**Procedures:** We scheduled payroll, overhead, and related costs by storm. We selected a statistical sample of costs for testing to include payroll, overhead, and logistics and traced the amounts to the invoice and/or supporting documentation. No exceptions were noted.

#### Employee Expense

**Objectives:** The objective was to determine whether employee expense was properly stated, storm-related, and recoverable pursuant to Rule 25-6.0143, Florida Administrative Code (F.A.C.).

**Procedures:** We scheduled employee expense by storm. We selected a statistical sample of costs for testing which include meals, travel and lodging, and traced the amounts to the invoice and/or supporting documentation. No exceptions were noted.

#### Contractor Costs

**Objectives:** The objective was to determine whether contractor costs were properly stated, storm-related, and recoverable pursuant to Rule 25-6.0143, Florida Administrative Code (F.A.C.).

**Procedures:** We scheduled contractor costs by storm. We selected a statistical sample of costs for testing and traced the amounts to the supporting documentation. No exceptions were noted.

#### Materials and Supplies

**Objectives:** The objective was to determine whether materials and supplies were properly stated, storm-related, and recoverable pursuant to Rule 25-6.0143, Florida Administrative Code (F.A.C.).

**Procedures:** We scheduled material and supplies by storm. We selected a statistical sample of costs for detail testing and traced the items to the documentation or supporting invoices. No exceptions were noted.

#### Other Costs

**Objectives:** The objective was to determine whether other costs were properly stated, storm-related, and recoverable pursuant to Rule 25-6.0143, Florida Administrative Code (F.A.C.).

**Procedures:** We scheduled other operating costs by storm. We selected a statistical sample of costs for detail testing and traced the items to supporting invoices and documentation. No exceptions were noted.

### **Other**

#### Capitalized Costs

**Objectives:** The objective was to determine whether the capitalized costs have been accounted for correctly and removed in their entirety from the recoverable costs as per Rule 25-6.0143(1)(d), F.A.C.

**Procedures:** We requested a detailed description of the capitalized costs as well as the policies and procedures for recording these costs. We tested a sample of the capitalized costs to determine if the Utility included for recovery, only those costs that are allowed by the applicable Rule. No exceptions were noted.

#### Non-Incremental Costs

**Objectives:** The objective was to determine whether the non-incremental costs have been accounted for correctly and removed in their entirety from the recoverable costs pursuant to Rule 25-6.0143, Florida Administrative Code (F.A.C.).

**Procedures:** We requested a detailed description of non-incremental costs as well as the policies and procedures for recording these costs. We selected a sample of costs for detail testing and traced the items to supporting invoices and documentation. No exceptions were noted.

### Third-Party Reimbursements

**Objectives:** The objective was to determine whether third-party reimbursement costs have been accounted for correctly and removed in their entirety from the recoverable costs pursuant to Rule 25-6.0143 (1)(b), F.A.C.

**Procedures:** We requested a detail listing of any third-party reimbursements or insurance claims. We noted that there were no third-party reimbursements. No exceptions were noted.

Audit Findings

**None**



## Exhibits

### Exhibit 1: Total Restoration Costs by Storm and Cost Category

<b>Tampa Electric Company</b>				
<b>Total Restoration Costs by Storm and Cost Category</b>				
	Recoverable	O&M	Capital	Total
<b>Alberto (2018)</b>				
Base Payroll + Fringe	\$ -	\$ 270	\$ -	\$ 270
Overtime Payroll + Fringe	\$ 1,944	\$ 40,920	\$ -	\$ 42,863
T&D Non-Vegetation Management Contractor costs	\$ -	\$ -	\$ -	\$ -
T&D Vegetation Management costs	\$ -	\$ -	\$ -	\$ -
Logistics/Other	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,944</b>	<b>\$ 41,190</b>	<b>\$ -</b>	<b>\$ 43,133</b>
<b>Dorian (2019)</b>				
Base Payroll + Fringe	\$ -	\$ 277,398	\$ -	\$ 277,398
Overtime Payroll + Fringe	\$ -	\$ 377,850	\$ -	\$ 377,850
T&D Non-Vegetation Management Contractor costs	\$ 5,596,291	\$ 774,875	\$ -	\$ 6,371,166
T&D Vegetation Management costs	\$ 973,414	\$ 1,716	\$ -	\$ 975,129
Logistics/Other	\$ 230,154	\$ 65,852	\$ 8,865	\$ 1,004,871
<b>Total</b>	<b>\$ 7,499,858</b>	<b>\$ 1,497,689</b>	<b>\$ 8,865</b>	<b>\$ 9,006,413</b>
<b>Nestor (2019)</b>				
Base Payroll + Fringe	\$ -	\$ 311	\$ -	\$ 311
Overtime Payroll + Fringe	\$ 5,282	\$ 48,938	\$ -	\$ 57,220
T&D Non-Vegetation Management Contractor costs	\$ -	\$ 4,344	\$ -	\$ 4,344
T&D Vegetation Management costs	\$ -	\$ -	\$ -	\$ -
Logistics/Other	\$ -	\$ 1,975	\$ -	\$ 1,975
<b>Total</b>	<b>\$ 8,282</b>	<b>\$ 55,568</b>	<b>\$ -</b>	<b>\$ 63,850</b>
<b>Eta (2020)</b>				
Base Payroll + Fringe	\$ -	\$ 25,808	\$ -	\$ 25,808
Overtime Payroll + Fringe	\$ 342,394	\$ 1,325	\$ -	\$ 343,719
T&D Non-Vegetation Management Contractor costs	\$ 324,250	\$ -	\$ -	\$ 324,250
T&D Vegetation Management costs	\$ 62,871	\$ -	\$ -	\$ 62,871
Logistics/Other	\$ -	\$ 4,740	\$ -	\$ 4,740
<b>Total</b>	<b>\$ 729,515</b>	<b>\$ 31,873</b>	<b>\$ -</b>	<b>\$ 761,388</b>
<b>Elsa (2021)</b>				
Base Payroll + Fringe	\$ 473,847	\$ -	\$ 3,137	\$ 476,984
Overtime Payroll + Fringe	\$ -	\$ 50,776	\$ 971	\$ 51,748
T&D Non-Vegetation Management Contractor costs	\$ 1,160,086	\$ -	\$ -	\$ 1,160,086
T&D Vegetation Management costs	\$ 108,072	\$ -	\$ -	\$ 108,072
Logistics/Other	\$ 134,591	\$ 44,223	\$ 27,329	\$ 206,143
<b>Total</b>	<b>\$ 1,874,575</b>	<b>\$ 94,999</b>	<b>\$ 31,438</b>	<b>\$ 2,001,012</b>
<b>Ian (2022)</b>				
Base Payroll + Fringe	\$ 2,807,941	\$ 1,831,880	\$ 286,142	\$ 4,725,963
Overtime Payroll + Fringe	\$ 5,938,412	\$ 49,734	\$ 842,726	\$ 6,830,871
T&D Non-Vegetation Management Contractor costs	\$ 83,189,021	\$ 325,422	\$ 542,780	\$ 84,057,224
T&D Vegetation Management costs	\$ 9,874,521	\$ 84,954	\$ -	\$ 9,739,475
Logistics/Other	\$ 21,375,217	\$ 849,917	\$ 3,287,287	\$ 25,512,401
<b>Total</b>	<b>\$ 122,985,112</b>	<b>\$ 2,921,907</b>	<b>\$ 4,758,915</b>	<b>\$ 130,665,934</b>
<b>Nicole (2022)</b>				
Base Payroll + Fringe	\$ -	\$ 555,630	\$ -	\$ 555,630
Overtime Payroll + Fringe	\$ 541,800	\$ 150,618	\$ -	\$ 692,418
T&D Non-Vegetation Management Contractor costs	\$ 583,161	\$ 78,907	\$ -	\$ 662,068
T&D Vegetation Management costs	\$ 61,758	\$ 13,092	\$ -	\$ 74,850
Logistics/Other	\$ 58,574	\$ 68,908	\$ -	\$ 125,481
<b>Total</b>	<b>\$ 1,243,293</b>	<b>\$ 867,155</b>	<b>\$ -</b>	<b>\$ 2,110,448</b>
<b>Examination (Audit) Costs</b>	<b>\$ 359,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 359,000</b>
<b>ARCOS Costs</b>	<b>\$ 397,518</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 397,518</b>
<b>Grand Total</b>	<b>\$ 135,099,098</b>	<b>\$ 5,510,380</b>	<b>\$ 4,799,217</b>	<b>\$ 145,408,695</b>