

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 3, 2025

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

FROM: Lynn Deamer, Bureau Chief, Office of Auditing & Performance Analysis *LD*

RE: Docket No.: 20250010-EI
Company Name: Tampa Electric Company
Company Code: EI806
Audit Purpose: A3g: Storm Protection Plan Cost Recovery Clause
Audit Control No.: 2025-007-1-3

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
Storm Protection Plan Cost Recovery Clause

Twelve Months Ended December 31, 2024

Docket No. 20250010-EI
Audit Control No. 2025-007-1-3

June 3, 2025

A handwritten signature in black ink, reading "Eduard Dukov", written over a horizontal line.

Eduard Dukov
Audit Manager

A handwritten signature in blue ink, reading "Lynn M. Deamer", written over a horizontal line.

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 Office of Industry Development & Market Analysis in its audit service request dated January 6, 2025. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Tampa Electric Company in support of its 2024 filing for the Storm Protection Plan Cost Recovery Clause in Docket No. 20250010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

TECO/Company refers to the Tampa Electric Company.
SPP refers to the Storm Protection Plan Cost Recovery Clause.

Background

On April 1, 2025 Tampa Electric Company filed support for its Storm Protection Plan Cost Recovery factor, for the period January 2024 through December 2024, and the 2024 Storm Protection Plan Accomplishments.

Rate Base

Plant

Objectives: The objective was to determine that the plant additions, retirements, and adjustments for the year ended December 31, 2024, related to the Storm Protection Plan Cost Recovery Clause (SPPCRC) programs.

Procedures: We obtained the plant additions and retirements of SPPCRC for 2024. We recalculated the total plant additions by program, and reconciled to Form A7. We judgmentally selected plant transactions of each program for sample testing, and traced to the supporting documentation. We obtained the supporting documentation of plant additions and transfer adjustments, and traced to Form A7. No exceptions were noted.

Capital Investment

Objectives: The objectives were to determine whether: 1) The capital investment for Feeder Hardening, Distribution Lateral Undergrounding, and Transmission Wooden Structure Hardening programs were properly booked and recorded, 2) The corresponding Plant-in-Service and Depreciation Base are appropriately recorded, 3) CWIP Non Interest Bearing Accounts are calculated correctly for the test year ended December 31, 2024.

Procedures: We recalculated the capital investment activities for each program, and reconciled to Forms A6 and A7. We selected a judgmental sample from the Feeder Hardening, Distribution Lateral Undergrounding, and Transmission Wooden Structure Hardening programs and reconciled the transactions to supporting documentation. No exceptions were noted.

True-up

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

Procedures: We traced the December 31, 2023, True-Up Provision to Order PSC-2024-0459-FOF-EI. We recalculated the True-Up and Interest Provision amounts as of December 31, 2024, using the Commission-approved beginning balance as of December 31, 2023, the applicable Commercial Paper rates, and the 2024 revenues and costs. No exceptions were noted.

Net Operating Income

Operating Revenue

Objectives: The objectives were to determine whether the revenue filed by the Company is supported by Company documentation and agrees to the general ledger.

Procedures: We computed revenues using the factors in the Order PSC-2024-0459-FOF-EI and actual Kilowatt Hours (kWh) sales from the Revenue Reports and reconciled them to the general ledger and the SPPCRC. No exceptions were noted.

Operation and Maintenance Expense

Objectives: The objectives were to determine the actual kWh sold for the period January 1, 2024, through December 31, 2024, and whether the Company applied the Commission approved cost recovery factor to actual kWh sales for the SPPCRC.

Procedures: We recalculated the Overhead Hardening, Vegetation Management, Undergrounding Laterals and Implementation O&M program expenses from the general ledger, and reconciled to Forms A4 and A5. We performed a judgmental sample for Implementation costs - G&I, Overhead Hardening O&M Programs, Underground O&M Programs, Vegetation Management O&M Programs, and traced them to the supporting documentation. No exceptions were noted.

Depreciation and Amortization Expenses

Objectives: The objective was to determine that the most recent Commission-approved depreciation rates and amortization periods were used in the Company's Storm Protection Plan schedules and the amounts were calculated correctly for the period ended December 31, 2024.

Procedures: We traced all depreciation rates used by project number from the Company's supporting documentation to the approved Depreciation Rates in Order No. PSC-2021-0324-FOF-EI. We obtained all depreciation rates used for Distribution Lateral Undergrounding Program, Transmission Asset Upgrades Program and Distribution Overhead Feeder Hardening Program, and traced to the Commission-approved depreciation rates. Audit staff determined that the Company has not performed a calculation to determine the amount of depreciation expense savings related to the retirement of existing plant resulting from its SPP programs. No exceptions were noted.

Accounting Practices

Objectives: The objectives were to: 1) Substantiate if the Company changed any of its accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause, and 2) Determine if the Company changed any of its

allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause.

Procedures: We requested and reviewed the accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Protection Plan Cost Recovery Clause. We reviewed whether the Company changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We confirmed that the Company has no change to its allocation method. No exceptions were noted.

Audit Findings

None

Exhibit 1: True-up

Exhibits

14, 2003
2-9-2003

Trinity Electric Company
 12001 Princeton Pike Coal Recovery Clause
 4040 1st St W
 Price Period: January through December 2024
 Calculations of True-Up Amount

[illegible]

Exhibit 2: Interest-Provision

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Page 1 of 1

Interest Provisions Summary
Sovereign Provisions Plus Cash Discount Clause
From True Up
After Market January Through December 2024
Calculation of Interest Provisions for 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	Total
1. Beginning True-Up Amount (From A.2, Line 7, Item 11)	\$ 2,136,300.00	\$ 2,470,916.11	\$ 2,774,206.11	\$ 2,978,063.11	\$ 3,174,977.11	\$ 3,368,104.11	\$ 3,554,411.11	\$ 3,734,722.11	\$ 3,909,712.11	\$ 4,079,422.11	\$ 4,243,844.11	\$ 4,403,941.11	\$ 41,378,141.11
2. Ending True-Up Amount Before Market	\$ 2,136,300.00	\$ 2,470,916.11	\$ 2,774,206.11	\$ 2,978,063.11	\$ 3,174,977.11	\$ 3,368,104.11	\$ 3,554,411.11	\$ 3,734,722.11	\$ 3,909,712.11	\$ 4,079,422.11	\$ 4,243,844.11	\$ 4,403,941.11	\$ 41,378,141.11
3. True-Up Beginning & Ending True-Up (Line 1 - 2)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
4. Average True-Up Amount (Line 2 x 12)	\$ 178,025.00	\$ 205,909.68	\$ 231,183.84	\$ 248,171.92	\$ 264,581.43	\$ 280,675.34	\$ 296,367.59	\$ 311,627.67	\$ 326,476.01	\$ 340,776.85	\$ 354,486.68	\$ 367,661.76	\$ 3,531,008.00
5. Interest Rate (From Day of Beginning Discount Month)	3.30%	3.34%	3.37%	3.39%	3.41%	3.43%	3.45%	3.47%	3.49%	3.51%	3.53%	3.55%	3.57%
6. Interest Rate (From Day of Subsequent Discount Month)	3.30%	3.34%	3.37%	3.39%	3.41%	3.43%	3.45%	3.47%	3.49%	3.51%	3.53%	3.55%	3.57%
7. True-Up Beginning & Ending Market Rate (Line 5 - 6)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8. Average Market Rate (Line 7 x 12)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
9. Market Average Interest Rate (Line 8 x 12)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
10. Interest Provision for the Month (Line 4 x Line 9)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00