

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Storm Protection Plan,
pursuant to Rule 25-6.030, F.A.C., Tampa
Electric Company.

DOCKET NO. 20220048-EI

FILED: July 13, 2022

PRE-HEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure (Order No. PSC-2022-0119-PCO-EI) issued March 17, 2022, hereby submit this Prehearing Statement.

APPEARANCES:

Mary A. Wessling
Associate Public Counsel

Charles Rehwinkel
Deputy Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida

1. WITNESSES:

Witness	Subject Matter	Issue #
Kevin J. Mara	Engineering	All Issues
Lane Kollen	Accounting	All Issues

2. EXHIBITS:

Witness	Proffered by	Exhibit No.	Description	Issue #
Direct				
Lane Kollen	OPC	LK-1	Resume of Lane Kollen	All Issues
Lane Kollen	OPC	LK-2	Summary of Each Utility's Decision Criteria	All Issues
Kevin J. Mara	OPC	KJM-1	Curriculum Vitae of Kevin J. Mara	All Issues
Kevin J. Mara	OPC	KJM-2	TECO Response to OPC's	All

			Second Set of Interrogatories, No. 50	Issues
Kevin J. Mara	OPC	KJM-3	TECO Response to OPC's Second Set of Interrogatories, No. 39	All Issues
Kevin J. Mara	OPC	KJM-4	FEMA Chronology – National Flood Insurance Program	All Issues
Kevin J. Mara	OPC	KJM-5	TECO 2020-2029 Storm Protection Plan	All Issues
Kevin J. Mara	OPC	KJM-6	Report: Resilience for Black Sky Days	All Issues
Kevin J. Mara	OPC	KJM-7	TECO Substation Changes	All Issues

3. STATEMENT OF BASIC POSITION

The Office of Public Counsel's (OPC) basic position in this case is that the Commission's determinations regarding the Storm Protection Plans (SPP) that have been filed must be consistent with the public policy contained in Section 366.96, Florida Statutes and Rule 25-6.030, Florida Administrative Code (F.A.C.) In this docket, the OPC has focused on whether the programs and projects proposed by Tampa Electric Company (TECO) satisfy the statutory and rule requirements for permissible programs and projects as well as whether the appropriate cost/benefit analyses have been performed and whether that analysis supports the cost of the programs and projects contained in the SPP filed by TECO. Unfortunately, there are instances within TECO's 2022-2031 SPP where some programs and projects do not meet the legal requirements of permissible SPP programs and projects, and there are also some instances where the analysis of the cost and benefits do not justify the programs and projects. The Commission should deny the programs and projects that OPC identifies as impermissible and/or fiscally unjustifiable. The burden of proof remains on the company to justify compliance with the statute and rules, as well as to demonstrate the reasonableness and prudence of the programs and projects and their related costs. By challenging these programs, projects, and costs, the OPC and its experts have not assumed the burden of proof in this case.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

ISSUE 1: Does the Company's Storm Protection Plan contain all of the elements required by Rule 25-6.030, Florida Administrative Code?

OPC's edit: Does the Company's Storm Protection Plan contain all of the elements, including but not limited to, a comparison of the costs and dollar benefits, required by Rule 25-6.030, Florida Administrative Code?

OPC: Yes, TECO's SPP does include the requisite comparison of the costs and dollar benefits of the proposed programs and projects; however, OPC does not agree with the analysis, which, among other things, includes subjective estimates of the value to customers of avoided outages.

ISSUE 2: To what extent is the Company's Storm Protection Plan expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

OPC's edit: To what extent, and by how much, are each of the Company's Storm Protection Plan programs and projects expected to reduce restoration costs and outage times associated with extreme weather events?

OPC: Some of TECO's proposed programs and projects will have a better impact on reducing outages times and lowering restoration costs than others. Additionally, several programs and projects are not extreme weather storm hardening programs but rather routine maintenance responsibilities of any electric utility and should not be included in TECO's SPP.

OPC Proposed Issue A:

Are the Company's Storm Protection Plan programs and projects new or expansions of existing activities that are incremental, and are the programs designed specifically for the purpose of reducing restoration costs and outage times?

OPC: To qualify for inclusion on the SPP proceedings and cost recovery in the SPPCRC proceedings, the projects and the costs of the projects must be incremental, not simply displacements of base rate costs that would have been incurred during the normal course of business, as well as prudent, used and useful, and just and reasonable both as to amount and customer impact. To the extent that any of TECO's programs and projects are not in compliance with all of these requirements, OPC requests that the Commission reject those programs and projects.

OPC Proposed Issue B:

What decision criteria, including economic, did the Company use to qualify, rank (select), and determine the magnitude (optimal and/or maximum levels and timing of capital expenditures and expenses) of the Company's Storm Protection Plan programs and projects, and are these criteria reasonable and properly applied for the purposes of mitigating outage times and restoration costs of extreme storms?

OPC: Tampa developed its benefit quantifications using a Storm Resilience Model, which includes a Storm Impact Model, developed by their consultants, 1898& Co. However, when a more accurate cost/benefit analysis is performed, none of the SPP programs have benefits that exceed the costs. If the programs and projects are not economically justified, then the programs and projects cannot be prudent and the costs cannot be prudent and reasonable.

ISSUE 3: To what extent does the Company's Storm Protection Plan prioritize areas of lower reliability performance?

OPC: TECO has several proposed projects that prioritize areas of lower reliability performance; however, many of those programs and projects either do not qualify as permissible SPP programs or projects and/or are not economically justifiable.

ISSUE 4: To what extent is the Company's Storm Protection Plan regarding transmission and distribution infrastructure feasible, reasonable, or practical in certain areas of the Company's service territory, including, but not limited to, flood zones and rural areas?

OPC: No position at this time.

ISSUE 5: What are the estimated costs and benefits to the Company and its customers of making the improvements proposed in the Storm Protection Plan?

OPC's edit: What are the estimated costs and dollar benefits to the Company and its customers of the Storm Protection Plan programs and projects?

OPC: While TECO has presented a cost/benefit analysis, none of the incremental costs of the expanded or new SPP programs have benefits that exceed the costs when the cost/benefit analyses are corrected. If the programs and projects are not economically justified, then the programs and projects cannot be prudent and the costs would be imprudent and unreasonable.

OPC Proposed Issue C:

Are the Company's Storm Protection Plan programs and projects prudent and reasonable and are the costs reasonable?

OPC: While TECO has presented a cost/benefit analysis, none of the expanded or new SPP programs have benefits that exceed the costs when the cost/benefit analyses are corrected. If the programs and projects are not economically justified, then the programs and projects cannot be prudent and the costs would be imprudent and unreasonable.

ISSUE 6: What is the estimated annual rate impact resulting from implementation of the Company's Storm Protection Plan during the first 3 years addressed in the plan?

OPC's edit: What are the estimated annual rate impacts resulting from implementation of the Company's Storm Protection Plan during the first 3 years addressed in the plan, and are those impacts properly calculated?

OPC: Since TECO improperly included certain programs and projects in its proposed SPP, TECO's customer rate impacts are not properly calculated.

ISSUE 7: WITHDRAWN BY FPL

ISSUE 8: WITHDRAWN BY FPL

ISSUE 9: Should the Commission approve, approve with modification, or deny FPL's new Transmission Access Enhancement Program?

OPC: OPC takes no position on this issue at this time in this docket.

OPC Proposed Issue D:

Should a return on construction work-in-progress (CWIP) be included in the Company's annual rate impacts or deferred and included in the rate impacts only after a project is completed and determined to be prudent?

OPC: The Commission should exclude CWIP from both the return on rate base and depreciation expense, and instead allow a deferred return on CWIP until it is converted to plant in service or prudently abandoned.

OPC Proposed Issue E:

Should credits be reflected in the Company's annual rate impacts for savings in depreciation on base rate assets that are retired when replaced with SPP project

assets and savings in base rate operation and maintenance and other operating expenses that are avoided due to SPP programs and projects?

OPC: The Commission should reflect credits in the Company’s annual rate impacts for savings in depreciation the depreciation expense on base rate assets that are retired when replaced with SPP project assets and savings in base rate operation and maintenance and other operating expenses that are avoided due to SPP programs and projects

ISSUE 10: Is it in the public interest to approve, approve with modification, or deny the Company’s Storm Protection Plan?

OPC: The Commission should approve TECO’s SPP with the modifications recommended by OPC. The Commission should make the adjustments as reflected in this table from page 13 of the Direct Testimony of Kevin J. Mara:

Capital	Total 2022-2031 SPP \$Millions	Reductions Proposed by Mara	Net 2022-2031 SPP \$Millions	Reason for Reduction
Distribution Lateral Undergrounding	\$1,070	\$(570)	\$500	Limit impact to customers
Transmission Asset Upgrades	\$139	\$-	\$139	
Distribution - Substation Extreme Weather	\$15	\$(15)	\$-	Does not comply with 25-6.030
Transmission - Substation Extreme Weather	\$14	\$(14)	\$-	Does not comply with 25-6.030
Distribution Overhead Feeder Hardening	\$317	\$(217)	\$100	Limit impact to customers
Transmission Access Enhancements	\$31	\$(31)	\$-	Does not comply with 25-6.030
Distribution Pole Replacements	\$112	\$-	\$112	
Total Capital	\$1,699	\$(847)	\$851	

Also, in determining elements of cost to be included in the SPP for recovery in the SPPCRC, the Commission should further exclude CWIP from both the return on rate base and depreciation expense, and instead allow a deferred return on CWIP until it is converted to plant in service or prudently abandoned. Alternatively, a return on CWIP can be deferred either as an allowance for funds used during construction (AFUDC) or as a miscellaneous deferred debit.

ISSUE 11: Should this docket be closed?

OPC: Not at this time.

5. STIPULATED ISSUES

None at this time.

6. PENDING MOTIONS

OPC has no pending motions at the time.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY

There are no pending requests for claims for confidentiality filed by OPC.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT

OPC has no objections to the qualification of any witnesses as an expert in the field which they pre-filed testimony as of the present date.

9. SEQUESTRATION OF WITNESSES

OPC does not request the sequestration of any witness at this time.

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

There are no requirements of the Order Establishing Procedure with which OPC cannot comply.

Respectfully submitted,

Richard Gentry
Public Counsel

/s/ Mary A. Wessling

Mary A. Wessling
Associate Public Counsel
Florida Bar No. 093590

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Rm 812
Tallahassee, FL 32399-1400

Attorneys for Office of Public Counsel

CERTIFICATE OF SERVICE
DOCKET NOS. 20220048-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 13th day of July 2022, to the following:

Ms. Paula K. Brown
Tampa Electric Company
Regulatory Affairs
P. O. Box 111
Tampa FL 33601-0111
regdept@tecoenergy.com

Theresa Tan/Jacob Imig/Walter
Trierweiler
Florida Public Service Commission 2540
Shumard Oak Blvd.
Tallahassee, FL 32399-0850
Office of General Counsel
ltan@psc.state.fl.us
jimig@psc.state.fl.us
wtrierwe@psc.state.fl.us

Malcolm Means/ J. Wahlen
Ausley McMullen
P.O. Box 391
Tallahassee, FL 32303
mmeans@ausley.com
jwahlen@ausley.com

Jon C. Moyle, Jr./Karen A. Putnal
Florida Industrial Power Users Group
c/o Moyle Law Firm
118 North Gadsden Street
Tallahassee FL 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com
mqualls@moylelaw.com

Stephanie U. Eaton
Walmart Inc.
c/o Spilman Law Firm
110 Oakwood Drive, Suite 500
Winston-Salem NC 27103
seaton@spilmanlaw.com

Derrick Price Williamson/Steven W. Lee
Walmart Inc.
c/o Spilman Law Firm
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
dwilliamson@spilmanlaw.com
slee@spilmanlaw.com

/s/Mary A. Wessling
Mary A. Wessling
Associate Public Counsel
Wessling.Mary@leg.state.fl.us