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TECO's response to staff's second set of interrogatories, Nos. 7-16

TAMPA ELECTRIC COMPANY
DOCKET NO. 20210010-EI
STAFF'S SECOND SET OF INTERROGATORIES
INTERROGATORY NO. 7
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7. TECO Witness Roche, on page 5 of the April 1, 2021 testimony, asserts that all 2020 costs listed on Schedules A-5 and A-7 are directly related to the Commission's approved Storm Protection Plan programs.

a. Please describe the steps taken and review process supporting Witness Roche's testimony.

b. Please identify any document Witness Roche relied on for purposes of the testimony on page 5.

c. If TECO performed a financial audit of its 2020 SPPCRC incurred costs, please identify the document. If a financial audit has not been performed, please explain why not.

A. a. Tampa Electric uses a robust review process and active leadership engagement to ensure that all of the 2020 costs listed on Schedules A-5 and A-7 are directly related to the Commission's approved Storm Protection Plan ("SPP") programs. The review process started with the establishment of the company's Commission's approved SPP and its adherence to the Commission Rules and Florida Statutes by determining which costs would be eligible for recovery through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). Because the Commission approved the company's SPP and SPPCRC filings in the 2020 Agreement[1] and the Stipulation and Settlement Agreement[2], the company also conducted a review to ensure compliance with the terms of these settlement agreements.

The core of the robust review process includes significant reviews by three Team Members in separate Tampa Electric departments (Regulatory, Regulatory Accounting, and Energy Delivery) of all SPP charged costs. In these reviews, all SPP costs are reviewed for prudency and accuracy on a monthly basis. In addition, monthly labor reports are pulled to ensure that all hours charged to the SPP are prudent and accurate. During these reviews, if any potential issue or question(s) arises, these Team members

[1] *See* PSC Order No. 2020-0224-AS-EI , issued June 30, 2020 in Docket No. 20200067-EI, *In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company*.
[2] See PSC Order No. 2020-0293-AS-EI, issued August 28, 2020 in Docket No. 20200092-EI, *Storm Protection Cost Recovery Clause* and Docket No. 20200067-EI, *In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company*.

will collaborate with the appropriate Department Leadership to resolve the question and determine correction actions if needed. If any correction action is needed, this will be reviewed to determine if additional communication needs to occur to other areas of the company where a similar situation could be prevented or to provide additional clarity.

b. Tampa Electric's witness Mark. R. Roche is actively engaged in the direct oversight of the company's SPP and SPPCRC. Witness Roche uses many resources/documents including the following to support the conclusion that all costs listed on Schedule A-5 and A-7 are directly related to the Commission approved SPP programs:

- Involvement in the workshops and hearings, including the Division of Administrative Hearings proceeding that lead to the development of the Commission's rules implementing the SPP and SPPCRC
- Initial development of internal company guidance for what can and cannot be charged to the SPP
- Initial development of the company's initial 2020-2029 SPP
- Review and engagement of the entire discovery process for the company's initial 2020-2029 SPP, including reviewing all responses
- Review and engagement of the company's Commission approved 2020 Settlement Agreement as it pertains to the SPP
- Review and assurance that the SPP related agreements within the company's Commission approved 2020 Settlement Agreement were fulfilled to their completeness
- Communications/meetings with SPP related Team Members
- Communications/meetings with SPP related leadership
- Significant ongoing collaboration with the SPP Program Manager
- Communications/meetings with Regulatory SPP Analyst
- Communications/meetings with assigned Regulatory Accounting Team members
- True-up documentation
- Projection documentation
- True-up and projection process communications, meetings and reviews

- Review meetings of True-up documentation

c. Tampa Electric has not performed a formal financial audit of its 2020 SPPCRC incurred costs due to the very robust review process that was put in place when the company established its first SPP and SPPCRC. Tampa Electric established the same process review structure that has been utilized with excellent results for ensuring that only associated costs with the Energy Conservation Cost Recovery Clause are recovered in that clause.

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8. TECO Witness Roche, on pages 6 and 7 of the April 1, 2021 testimony, appears to assert that all 2020 Storm Protection Plan costs were prudently incurred.

a. Is it TECO's understanding that the Commission will make a prudence determination regarding approved Storm Protection Plan incurred expenses that are recovered either in base rates or the Storm Protection Plan Cost Recovery Clause regardless of whether the incurred costs are recovered through base rates?

b. Please describe the prudence review including, but not limited to, the factors that were considered in support of Witness Roche's testimony concerning prudence.

c. Please identify any document Witness Roche relied on for purposes of the testimony concerning prudence.

d. If TECO performed a financial audit of its 2020 Storm Protection Plan incurred costs, please identify the document. If a financial audit has not been performed, please explain why not and whether TECO plans to perform a future financial audit of its Storm Protection Plan Cost Recovery Clause expense records, policies, and practices.

e. If TECO performed a management audit of its 2020 Storm Protection Plan oversight please identify the document. If a management audit has not been performed, please explain why not and whether TECO plans to perform a future management audit of its Storm Protection Plan Cost Recovery Clause implementation.

A. a. Section 366.96(7) of the Florida Statutes states that the "commission shall conduct an annual proceeding to determine the utility's prudently incurred transmission and distribution storm protection plan costs and allow the utility to recover those costs through a charge separate and apart from its base rates…" As a result, Tampa Electric understands that the Commission will make a prudence determination regarding costs associated with the company's SPP for which the company is seeking cost recovery through the SPPCRC.

Pursuant to the company's 2020 Settlement Agreement, the company is not seeking cost recovery for unplanned vegetation management, distribution pole replacements, and some legacy storm hardening plan

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activities through the SPPCRC. The prudency of these costs is not at issue in this proceeding.

The table below provides a summary of the company's total prudent and reasonable capital and O&M costs that were incurred in 2020 as compared to what was projected to be spent:

Tampa Electric's 2020 Storm Protection Plan Total Projected Costs by Program versus Actual Costs (in Millions)		
Capital	**Projected Costs**	**Actual Costs**
Distribution Lateral Undergrounding	$8.00	$7.18
Transmission Asset Upgrades	$5.50	$4.95
Substation Extreme Weather Protection	$0.00	$0.00
Distribution Overhead Feeder Hardening	$6.50	$3.80
Transmission Access Enhancements	$0.00	$0.00
O&M	**Projected Costs**	**Actual Costs**
Distribution Vegetation Management - planned	$16.49	$11.91
Transmission Vegetation Management - planned	$2.63	$1.12
Transmission Asset Upgrades	$0.11	$0.16
Substation Extreme Weather Protection	$0.00	$0.00
Distribution Overhead Feeder Hardening	$0.21	$0.01
Distribution Infrastructure Inspections	$0.71	$0.16
Transmission Infrastructure Inspections	$0.47	$0.31
SPP Planning & Common	$0.99	$1.56
Total 2020 Capital and O&M	$41.61	$31.16

b. The prudence review for SPP costs started with the development of the company's original SPP. This included screening programs and projects prior to inclusion in the company's SPP to ensure they would adhere to the Commission Rules and Florida Statutes. Following the development of the company's first SPP and subsequent approval by the Commission, the review for prudency includes those items provided in Response No. 7b above that were considered in support of Witness Roche's testimony.

c. The documents relied upon supporting the statement by Witness Roche's testimony is provided in Response No. 7b above.

d. Tampa Electric has not performed a formal financial audit of its 2020 SPPCRC incurred costs due to the very robust review process that was described in Response No. 7a above. Tampa Electric established the same process review structure that has been utilized with excellent results for ensuring that only associated costs with the Energy Conservation Cost Recovery Clause are recovered in that clause. Tampa Electric reviews the overall process and practices for filing after each main annual SPP and SPPCRC filing to review and document what went well during the development process and what items could be improved immediately or the next time the filing is done.

e. Tampa Electric has not performed a formal management audit of its 2020 SPP oversight due to the very robust review process that was put in place when the company established its first SPP and SPPCRC as described in Response No. 7a above. Tampa Electric also reviews the overall process and practices for filing after each main annual SPP and SPPCRC filing to review and document what went well during the development process and what items could be improved immediately or the next time the filing is done. In addition, the company's SPP has a significant amount of ongoing oversight making a formal management audit unnecessary at this time.

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9. Please identify any document relied on for purposes of the conclusion of prudence found in Witness Plusquellic's April 1, 2021 Exhibit DLP-1, on page 3 of 36. The exhibit states:

Tampa Electric's 2020 Storm Protection Accomplishments Report covers the first year of the company's 2020-2029 Storm Protection Plan, which provides a comprehensive approach to protect and strengthen its electric utility infrastructure to withstand extreme weather conditions as well as to reduce restoration costs and outage times in a prudent, practical and cost-effective manner.

A. Witness Plusquellic provides leadership for Tampa Electric's Energy Delivery Department and SPP team members. These team members developed a robust, thorough, and transparent process to review both projected and incurred SPP costs. Witness Plusquellic relies upon this review process throughout the project life cycle to conclude that the spending is prudent. In this review process there are many documents, emails, communications, and ongoing activities that are used to ensure the costs sought for cost recovery within the SPPCRC are prudent and practical, and made in a cost-effective manner. The following highlights some of the key activities and documents that are used to support the conclusion of prudence found in Witness Plusquellic's April 1, 2021 Exhibit DLP-1:

The SPP and its component programs and projects were developed in conjunction with both 1898 & Co. and Accenture (for Line Clearance) as described in the Tampa Electric's SPP filing. This process involved extensive discussion, analysis and multiple layers of review of the projected costs and cost-benefit ratios. For Line Clearance, this involved an extensive review of historical costs for maintenance and storm restoration. For the other SPP programs that involved investments, the projected costs were developed and reviewed using the company's internal estimating process and tools. The results were then reviewed with internal subject matter experts for both scope and costs. The final set of projected costs for each project was reviewed by the individual project teams and then project leadership team before being finalized for modelling and prioritization.

Once the projects were prioritized and planned by calendar year, they would eventually go through a design and engineering process. This process is managed by Tampa Electric SPP team members to ensure the appropriate activities are taking place. Further, invoices are reviewed to ensure no

inappropriate charges are included. Approved invoices and charges are reviewed again by the company's Regulatory Accounting and Regulatory teams to ensure nothing inadvertently was included.

Tampa Electric SPP team members also work directly with the external contracted design teams to ensure the designs meet the company's design standards and can be safely constructed. These designs are also reviewed to ensure the scope is aligned with the project benefits and intentions and the proper material and equipment is used. Once the design is fully reviewed, it is then approved to be moved to construction.

During SPP construction, Tampa Electric uses internal and contracted inspectors to ensure the quality of construction and to also verify the "as built" meets the company's design standard and that the company's safety expectation is being met. This also includes a review of the materials and equipment that was installed to validate it reflects the approved design.

Construction invoices are reviewed by the Tampa Electric SPP team members to validate that the as-constructed contractor labor hours, equipment installed, and material are all in alignment with approved design and that all costs are appropriate.

The company's internal labor hours and all proposed SPP expenses are reviewed monthly by Tampa Electric Regulatory team members to ensure there are no inappropriate charges.

In addition to the project review process described above, Tampa Electric's SPP team members conduct both weekly and bi-weekly calls to review project scope, project status, project timelines and to discuss and resolve any outstanding issues. The compilation of this activity and performance is used to generate a mid-month forecast for each program which provides data to ensure that any deviations or outliers are detected and reviewed further to ensure appropriateness.

In addition, program costs are reviewed and analyzed at least twice a month by Energy Delivery's SPP leadership and SPP finance. At the mid-month, SPP program leadership provides a mid-month financial forecast and identifies any variances from target, including any project level forecasts that have materially changed. At the end of a financial month, Energy Delivery's SPP leadership and SPP finance review project and program level results to identify drivers of any variances. Because SPP is a major project from Tampa Electric, the program is

required to re-forecast financial projections each month. During any of these three financial reviews and projections, variances are identified, analyzed and an attempt is made to resolve them.

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10. Please explain TECO's process for developing its 2022 Storm Protection Plan budget and the budgets for the individual Storm Protection Plan programs. Include in your response whether TECO's oversight of its Storm Protection Plan budget uses cost performance metrics tied to the approved Storm Protection Plan, whether the individual Storm Protection Plan programs each have their respective cost performance metrics, and what those metrics are. Include in your response any changes to its 2022 Storm Protection Plan budget process compared to its 2021 Storm Protection Plan budget process.

A. Tampa Electric's process for developing the projected 2022 SPP budget followed the same overall process that was used last year to develop the projected 2021 SPP Budget with the exception that last year's projection was the first SPPCRC projection filing.

The process for developing the projected 2022 SPP budget started very early in the year with mapping the steps that would need to be performed in order to meet the filing date of May 3, 2021. The company has a documented process of the steps needed to conduct the budget process portion of the projection process. These steps include:

- Identifying all of the cost centers that charge to the SPPCRC
- Provide the templates to Energy Delivery to develop the projection of the following year
- Kickoff the Projection process with all Stakeholders
- Communicate projection basis (2020 - 2 months actual/10 months estimated/ 2022 – 12 months projected)
- Discussion with Regulatory, Regulatory Accounting and Energy delivery for costs that can be included/not included
- Timing of all capital costs to be provided to Regulatory Accounting
- Timing of all O&M costs to be provided to Regulatory Accounting
- Timing of final projection provided
- Timing for final projection walkthrough with Regulatory, Regulatory Accounting and Energy Delivery

Energy Delivery uses the following process for developing the budget to provide the SPP capital and O&M costs to Regulatory Accounting:

The starting point for the 2022 projected SPP budget was developed using the "2022 Projects" and their associated costs from the modelling and prioritization effort that was done in early 2020 and included in the company's 2020-2029 SPP

that was filed on April 10, 2020. This budgeting effort is also described in that filing. For each individual 2020 and 2021 project, an initial anticipated monthly spend and operational schedule was developed as part of the Tampa Electric SPPCRC that was filed on June 24, 2020. This schedule was expanded to include 2022 projects in late 2020 and early 2021 in advance of the 2021 SPPCRC petition filing.

This starting point is adjusted for any anticipated schedule delays in the projects originally scheduled to be completed in the years 2020 or 2021. At the time of the 2021 SPPCRC filing, the 2020 projects were slightly behind schedule and it was anticipated that both 2020 and 2021 project schedules would potentially be impacted. As a result, the 2021 SPPCRC reflects the delay of 2020 projects in 2021, with a corresponding shift of 2021 projects into early 2022. Finally, an assumption was made to shift some 2022 project work and spend into 2023 for purposes of the 2021 SPPCRC filing.

With respect to how the monthly budgets were established, the original project dollars were allocated between major activities of each project. An estimated duration for each activity (i.e., field assessment, engineering and design, material issuance, and construction) was established and adjusted based on the size and scope of the project. These monthly spends were adjusted and shifted to reflect the delays referenced above. Lastly, Tampa Electric incorporated any lessons learned and historical spending from completed projects that could provide better anticipated durations and costs projections for the 2022 CRC filing.

The final projection budget was reviewed internally, converted to the formats required and submitted to the company's Regulatory Accounting department for the revenue requirements to be developed and then to the company's Regulatory department to have the 2022 SPPCRC factors to be developed for inclusion in the 2021 SPPCRC projection petition.

Tampa Electric employs significant oversight of spending for each SPP project and program. Each project is managed and measured individually to ensure each expenditure is prudent and cost-effective. SPP costs are reviewed monthly by three separate departments. These reviews will include screening all costs for ineligible costs, examining actuals costs versus projected costs to identify variances, following up to understand the cause of the variances, identifying any required actions or improvements to be implemented to improve this review process. As part of the reviews, Energy Delivery reviews costs at the project level detail to ensure that no expenditures are included in the SPPCRC that are ineligible for recovery. In addition, decisions are continually discussed,

evaluated, and made to ensure that only expenses that are necessary toward completing the activities with the company's SPP are recovered through the SPPCRC. Part of this monthly review process entails measuring multiple metrics at the program and project level. The cost performance metrics utilized for each of the SPP programs are outlined below:

Distribution Lateral Undergrounding:

- Total program costs
- Project level expenses
- Contractor labor hours
- Contractor expenses
- Material expenses
- Internal labor hours
- Internal expenses

Vegetation Management

- Total program costs
- Cost per mile
- Cost per circuit
- Contractor labor hours
- Contractor expenses
- Material expenses
- Internal labor hours
- Internal expenses

Transmission Asset Upgrades

- Total program costs
- Project level expenses
- Cost per pole
- Contractor labor hours
- Contractor expenses
- Material expenses
- Internal labor hours
- Internal expenses

Substation Extreme Weather Hardening

- Total program costs
- Project level expenses (Study being performed)
- Contractor labor hours

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- Contractor expenses
- Internal labor hours
- Internal expenses

Distribution Overhead Feeder Hardening

- Total program costs
- Project level expenses
- Material expenses
- Internal labor hours
- Internal expenses

Transmission Access Enhancement

- Total program costs
- Project level expenses
- Project milestones
- Contractor labor hours
- Contractor expenses
- Material expenses
- Internal labor hours
- Internal expenses

Infrastructure Inspections

- Total program costs
- Project level expenses
- Contractor labor hours
- Contractor expenses
- Material expenses
- Internal labor hours
- Internal expenses

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11. Please explain TECO's process for managing its 2022 Storm Protection Plan implementation consistent with the approved Storm Protection Plan. Include in your response whether TECO's management oversight of its Storm Protection Plan implementation uses performance metrics tied to the approved Storm Protection Plan, whether the individual Storm Protection Plan programs each have their respective performance metrics, and what those metrics are.

A. The 2022 implementation goals and targets originated from the company's 2020-2029 SPP that was filed on April 10, 2020. Those operational goals and targets were adjusted for the same reasons and according to the same process described in Response No. 10 above. The implementation goals and budget are aligned.

The company manages the implementation of the 2022 SPP in a manner that is both consistent with and aligned with the budget process described in Response No. 9 above.

In addition to the meetings and reviews described in Response No. 9 above, each SPP program has a designated team member that leads the program; these leads conduct at least a bi-weekly meeting with all implementation stakeholders and service providers. The intent of these meetings is to review status and forecasts for each project and to determine how that overall SPP program is doing. The meetings entail reviewing summary and detailed project information on each project within that SPP program. The status for each SPP project is compared to target and if a variance exists, action plans are identified to bring that project back into alignment.

In addition to the metrics reflected in Response No. 9 above, the following represent some of the key implementation metrics used to assist in the effective management of each SPP program:

Distribution Lateral Undergrounding:

- Miles and projects designed
- Miles and projects in construction
- Miles and projects completed

Vegetation Management

- Four year distribution cycle - miles trimmed
- Supplemental Distribution circuit – miles trimmed
- Mid-Cycle distribution – miles inspected

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- Mid-Cycle distribution – miles trimmed
- 69kV Reclamation Initiative - project completion percentage
- Transmission - Miles trimmed
- Reactive trimming – total work requests

Transmission Asset Upgrades
- Projects and circuits in process
- Projects and circuits completed
- Poles in process
- Poles replaced

Substation Extreme Weather Hardening
- No metrics at this time due to study being performed

Distribution Overhead Feeder Hardening
- Projects and circuits designed
- Projects and circuits completed
- Equipment replaced

Transmission Access Enhancement
- Road projects designed
- Road projects in construction
- Road projects completed
- Bridge projects designed
- Bridge projects in construction
- Bridge projects completed
- Internal expenses

Infrastructure Inspections
- Inspections scheduled / projected
- Inspections completed
- Failure rate

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12. Witness Roche's May 10, 2021 revised testimony, at page 18, discusses four accounting protocols for capital items included in TECO's SPPCRC filings. Does TECO have or plan an internal audit process that includes compliance with these accounting protocols? If not, why not?

A. Tampa Electric views the ongoing robust monthly review process, described earlier, of all costs associated with the company's SPP as a better process for ensuring ongoing compliance with three of the four accounting protocols that are designed to ensure that there is no double recovery between base revenue and SPPCRC revenue.

The remaining fourth accounting protocol would be reviewed for compliance with a high level of scrutiny because it involves actions that would be taken during a rate case or when the company would be considering adding new SPP capital and assets related to SPP programs that were not included in the test year used to set base rates and was seeking Commission approval for cost recovery through the SPPCRC petition process.

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13. Does TECO use the information on pages 71, 74, and 76, of Exhibit GRC-1, filed in Docket No. 20200067-EI? If so, please explain how.

A. Tampa Electric uses the information on pages 71, 74, and 76, of Exhibit GRC-1 filed in Docket No. 20200067-EI as an alignment indicator and guide. These documents contain the summation of the SPP programs, and their supporting prioritized projects that were developed to support Tampa Electric's 2020-2029 SPP.

While some of the information (Distribution Pole Replacements, Unplanned Vegetation Management, and Other Legacy Storm Hardening Plan Items) is not sought for cost recovery in the annual SPPCRC filings and is not considered after the filing of the company's SPP. All of the other SPP program information is used as a guide to ensure the associated SPP costs and resulting revenue requirements that are being sought for cost recovery and associated rate impacts are in reasonable alignment with the company's approved SPP.

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14. Section 366.96(8), Florida Statutes, states:

The annual transmission and distribution storm protection plan costs may not include costs recovered through the public utility's base rates and must be allocated to customer classes pursuant to the rate design most recently approved by the commission.

a. As of the date of TECO's response to this question, does TECO believe the Storm Protection Plan Cost Recovery Clause factors shown in paragraph 3 of its petition (see also Witness Roche's May 10, 2021 revised testimony at page 25 and revised Exhibit MRR-2 Document No. 3) are allocated to customer classes pursuant to the rate design most recently approved by the Commission? If so, please identify the Commission's Order.

b. As of the date of TECO's response to this question, does TECO believe the Storm Protection Plan Cost Recovery Clause factors shown in paragraph 4 of its petition (see also Witness Roche's May 10, 2021 revised testimony at page 27 and revised Exhibit MRR-2 Document No. 4) are allocated to customers classes pursuant to the rate design most recently approved by the Commission? If so, please identify the Commission's Order.

A. a. Yes, as of the date of this Interrogatory filing, the allocation factors to develop the SPPCRC factors shown in paragraph three (3) of the petition were from the rate design most recently approved by the Commission. These allocation factors were approved by the Commission in Order No. PSC-2013-0443-FOF-EI on September 20, 2013, in Docket No. 20130040-EI, 10

b. No, as of the date of this Interrogatory filing, the allocation factors to develop the SPPCRC factors shown in paragraph four (4) of the petition were from the proposed rate design that is currently under review by the Commission within Docket No. 202100340-EI.

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15. TECO appears to have identified Storm Protection Plan Cost Recovery Clause factors consistent with its assumptions in Docket No. 20210034-EI. These factors are shown in TECO's May 10, 2021 revised petition, at paragraph 4, also on page 27 of Witness Roche's May 10, 2021 revised testimony, and in Document No. 4 of revised Exhibit MRR-2. Please provide a list of all assumptions used in the development of the Storm Protection Plan Cost Recovery Clause factors that are shown in Document No. 4 of revised Exhibit MRR-2 that may be subject to change or otherwise dependent on the outcome of matters to be addressed in Docket No. 20210034-EI.

A. Tampa Electric believes that there are three assumptions that were utilized to calculate the 2022 SPPCRC factors consistent with Docket No. 20210034-EI that may be subject to change or otherwise dependent on the outcome of matters to be addressed in that Docket. These assumptions are:

1. The allocation to rate classes percentages.
2. The rate changes that recognize the establishment of a new General Service Large Demand ("GSLD") rate class; elimination of the Interruptible Service ("IS") rate class; and the rate class name changes for the Standby Firm ("SBF") to Standby Demand ("SBD").
3. The utilization of the depreciation rate that was calculated in the most recent depreciation study.

In addition, Tampa Electric prepared both sets of 2022 SPPCRC factors using the most up to date billing determinants available at the time, which were also used in Docket No. 20210034-EI. Tampa Electric does not believe that a revision to these 2022 SPPCRC factors will be needed when the company prepares its normal annual clause billing determinants that are scheduled to be finalized in late July. The true-up filing in 2023 will correct any over or under-recovery revenue variances due to any differences in billing determinants and any differences caused by actual energy and demand usage from customers.

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16. Please refer to TECO's project ID codes shown in the various listings of its Storm Protection Plan Cost Recovery Clause projects in Forms A-5, A-7, E-5, E-7, P-2, P-3 and in the exhibits of Witness Plusquellic. The format of the project ID codes varies from program to program. The expense amount for a given project ID in the exhibits of Witness Plusquellic are either a positive value, negative, or zero.

a. Please provide an explanation of TECO's project ID codes for each program and whether the project ID codes for a given location or site change when the project is not initiated when planned, deferred to a later year, or whose completion date is later than originally planned.

b. Please describe how TECO uses the project ID codes, including but not limited to, Storm Protection Plan program management.

c. Please explain why the expense amount for a given project ID code may be shown as a zero or negative value.

A. a. When a new SPP project is initiated, Tampa Electric tags the SPP project to a "Project Group" in the company's financial reporting system, which indicates which SPP program the costs are attributable to. The following are the company's current "Project Group" codes:

SPP – FH – Distribution Feeder Hardening
SPP – LUG – Distribution Lateral Undergrounding
SPP – O&M – Common (non-capital program wide expenditures)
SPP – O&M – Inspections (Distribution & Transmission)
SPP – SEW – Substation Extreme Weather
SPP – TAU – Transmission Asset Upgrades (primarily pole replacements)
SPP – TXE – Transmission Access Enhancement
SPP – VGM – Vegetation Management

In addition, each SPP project is referenced by a unique project identifier in the company's financial systems and records. Prior to a funding number being initiated, planned projects are referred to as to be determined with "TBD" as a placeholder. The TBD assignment is based on which SPP program it is a part of. Examples of these are TAU – TBD53, FH – TBD10, and LUG – TBD46. No charges can be incurred against a project identified by "TBD". When the funding project number is established, the "TBD"

project ID remains in project files as an attribute for cross-referencing, if needed.

Once a funding project is initiated and work order is established, the project number remains the same until the project is completed, except for some lateral undergrounding projects that are subsequently combined, primarily due to being in close proximity to another planned project. In those cases, a "designated survivor" project ID is identified, project costs on the "null" project ID are transferred to the "designated survivor" project ID, and the "null" project ID is closed. Both the "null" project ID and "designated survivor" project ID remain in project files as an active attribute for cross-referencing, if needed.

If a project is not initiated when planned, and a unique funding project number has not yet been initiated, the "TBD" project ID code will remain as the project identifier until the project is initiated and a project-specific funding number is established. If a funding number has been established but the work has been postponed, the project will use the existing ID when work resumes or begins. If the project needs to be placed on hold, it can be suspended in the company's financial system, if needed.

b. The project ID codes described above are utilized as the unique identifier between SPP programs for all financial tracking and reporting purposes, including plant accounting. They are also used by operations to track project progress, as well as project in-service dates.

c. A project ID with zero value indicates a project that was planned to begin work on during the period referenced, has an open funding number, but has not incurred any costs as planned at that time.

Most negative values are due to projects that had charges in a prior period but whose scope was subsequently moved to another project ID, and the associated costs were reclassed in the current period out of the original project ID over to the other project. (For additional details regarding why this occasionally occurs, please see the "designated survivor" explanation in Response No. 16a above). The negative values in the current period for the project would net against the costs incurred in prior periods, typically resulting in a zero balance for that project in total. The other projects with a negative value were due to a formula error in the company's forecast file

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that resulted in negative spend being forecasted in the outer months for a few projects based on a comparison of their projected costs to the costs incurred to date.