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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 ORDER NO. PSC-2022-0386-FOF-EI ISSUED: November 10, 2022

The following Commissioners participated in the disposition of this matter:

ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

FINAL ORDER APPROVING, WITH MODIFICATIONS, TAMPA ELECTRIC COMPANY'S STORM PROTECTION PLAN

APPEARANCES:

J. JEFFREY WAHLEN and MALCOLM N. MEANS, ESQUIRES, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

RICHARD GENTRY, CHARLES J. REHWINKEL, STEPHANIE A. MORSE, PATTY CHRISTENSEN, and MARY WESSLING, ESQUIRES, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of Office of Public Counsel (OPC).

JON C. MOYLE, JR. and KAREN PUTNAL, ESQUIRES, 118 North Gadsden Street, Tallahassee, Florida 32312
On behalf of Florida Industrial Power Users Group (FIPUG).

STEPHANIE U. EATON, ESQUIRE, 110 Oakwood Drive, Suite 500, Winston-Salem, North Carolina 27103 and DERRICK PRICE WILLIAMSON and STEVEN W. LEE, ESQUIRES, 1100 Bent Creek Boulevard, Suite 101, Mechanicsburg, Pennsylvania 17050
On behalf of Walmart Inc. (Walmart).

WALT TRIERWEILER and JACOB IMIG, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

KEITH C. HETRICK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Florida Public Service Commission General Counsel.

BY THE COMMISSION:

Background

Section 366.96, Florida Statutes (F.S.), requires each investor-owned electric utility (IOU) to file a transmission and distribution storm protection plan (SPP) that covers the immediate 10-year planning period. The plans are required to be filed with the Florida Public Service Commission (FPSC or Commission) at least every three years and must explain the systematic approach the utility will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. No later than 180 days after a utility files its plan that contains all elements required by our rule, we must determine whether it is in the public interest to approve, approve with modification, or deny the plan. Subsection 366.96(7), F.S., states that once a utility's SPP has been approved, proceeding with actions to implement the plan shall not constitute or be evidence of imprudence. Under this subsection we are also required to conduct an annual storm protection plan cost recovery clause (SPPCRC) proceeding to determine the utility's prudently incurred SPP costs.

Tampa Electric Company (TECO or the Utility) filed its first SPP on April 10, 2020, in Docket No. 20200067-EI. The Office of Public Counsel (OPC), Walmart, Inc. (Walmart), and Florida Industrial Power Users Group (FIPUG) were granted intervention. These matters were pending administrative hearing when TECO entered into a Settlement Agreement with FIPUG, OPC, and Walmart. At an administrative hearing held on August 10, 2020, we heard oral argument from the parties in support of the Settlement Agreement, admitted testimony and documentary evidence into the record, and approved the Settlement Agreement.[1]

Key provisions of the 2020 Settlement were:

- The SPP programs approved by the settlement did not include or imply any determination of prudence for any project in a program approved under the settlement. Except as provided in paragraphs 19-26 of the Settlement Agreement, the Signatories retained the right to challenge the prudence or reasonableness of any project or costs for any project submitted through the SPPCRC during a true-up proceeding in 2021 or thereafter.

[1] Order No. PSC-2020-0293-AS-EI, issued August 28, 2020, in Docket No. 20200067-EI.

- If approved by the Commission, the Signatories intend that the 2022 updated SPP would form the basis for cost recovery of SPP activities in 2023, 2024, and 2025, and that TECO would then next be required to file an updated SPP for approval again in 2025.

On April 11, 2022, TECO filed its proposed SPP for Commission approval for the period 2022-2031, which included the following eight programs:

- Distribution Lateral Undergrounding
- Distribution Overhead Feeder Hardening
- Vegetation Management
- Transmission Asset Upgrades
- Substation Extreme Weather Hardening
- Infrastructure Inspections
- Legacy Storm Hardening Initiatives

The majority of these programs are a continuation of its 2020 SPP and are described in more detail in Attachment A.

FIPUG, OPC, and Walmart were granted intervention in this docket. An administrative hearing was held on August 2-4, 2022.[2] Post hearing briefs were filed on September 6, 2022. OPC and FIPUG (Joint Parties) filed a joint brief which included a procedural matter which is addressed below.

Procedural Matter

On pages 14-24 of their post-hearing brief, the Joint Parties unilaterally inserted a "post-hearing legal issue" that was not listed in the Prehearing Order.[3] The Joint Parties argued that we should reverse the prehearing ruling, set forth in Order No. PSC-2022-0292-PCO-EI, wherein the Prehearing Officer granted motions to strike portions of the prefiled testimony of OPC witness Lane Kollen. The lack of legal relevance of witness Kollen's testimony was addressed in detail by the Prehearing Officer in Order No. PSC-2022-0292-PCO-EI. At the hearing, OPC requested reconsideration of that Order, which we heard and then denied. Because we have fully addressed the evidentiary concerns relating to the testimony of witness Kollen on the merits on two previous occasions, it is appropriate to discuss the Joint Parties' "post-hearing legal issue" here only to the extent it raises procedural concerns. For the reasons set forth below, there is no procedural error that we must consider at this time.

"The fundamental requirements of due process are satisfied by reasonable notice and a reasonable opportunity to be heard." *Florida Public Service Commission v. Triple "A" Enterprises, Inc.,* 387 So. 2d 940, 943 (Fla. 1980). At the administrative hearing held on August

[2] TECO's docket was consolidated with the SPP dockets for FPUC (20220049-EI), DEF (20220050-EI), and FPL (20220051-EI) for hearing purposes only.
[3] Order No. PSC-2022-0291-PHO-EI, issued August 1, 2022.

2-4, 2022, in accordance with sections 120.569 and 120.57, F.S., all parties, including the Joint Parties, were given full opportunity to present argument on all relevant issues and to conduct cross-examination of all witnesses. Neither OPC nor any other party to this proceeding was precluded from making any legal arguments regarding rule interpretation by the exclusion of the testimony. The only effect of our action in striking the testimony was to exclude expert testimony on the ultimate legal issues, which is within the sole province of this tribunal.

Many portions of witness Kollen's prefiled testimony were not stricken. Those portions were moved into the record as though read, and his prefiled exhibits LK-1 through LK-3 were admitted into evidence. OPC separately proffered the portions of witness Kollen's testimony subject to the order granting the motion to strike and the prefiled testimony was also moved into the record as though read. On August 3, 2022, witness Kollen provided a summary and was subject to cross-examination on both the testimony that was not stricken and the proffered testimony that had been stricken. OPC also made its legal arguments about the rule interpretation at that time. Although we ultimately decided to strike portions of OPC witness Kollen's testimony, OPC was provided an opportunity to make its legal argument at the administrative hearing and in its motion for reconsideration. Counsel for OPC made these arguments again in its post-hearing brief.

The Joint Parties also argued that a Commission Final Order applying Rule 25-6.030, Florida Administrative Code (F.A.C.), in a manner not consistent with their argument "could be seen as the agency interpreting its [statutory] mandate without an effective or complete delegation of authority." The cases cited by the Joint Parties in support of this argument address judicial review of the constitutionality of statutes.[4] As an agency, we have no jurisdiction to declare a statute unconstitutional. Moreover, following the passage of Article V, Section 21, of the Florida Constitution, our interpretation of a statute is not relevant to a court vested with jurisdiction to consider that constitutional question.

For these reasons, we do not agree with the Joint Parties' arguments that the actions taken with respect to OPC witness Kollen's testimony were procedurally infirmed or negatively impacted the fairness of the proceeding.

We have jurisdiction over the issues set forth below pursuant to Section 366.96 and Chapter 120, F.S.

[4] Post-Hearing Brief at 23 (*citing Askew v. Cross Key Waterways*, 372 So. 2d 913 (Fla. 1978); *Microtel, Inc. v. Florida Pub. Serv. Comm'n,* 464 So. 2d 1189, 1191 (Fla. 1985); *Microtel, Inc. v. Florida Pub. Serv. Comm'n*, 483 So. 2d 415 (Fla. 1986)).

Decision

I. Does TECO's SPP contain all of the required elements of Section 366.96, F.S., and Rule 25-6.030, F.A.C.?

A. Parties' Arguments

TECO stated that its witness Plusquellic's direct testimony elaborated on the Utility's 2022 SPP specific methodology for demonstrating compliance with Rule 25-6.030, F.A.C. While the Joint Parties and Walmart agreed that TECO's SPP contained the requisite comparison of the costs and dollar benefits of the proposed programs and projects, they argued that TECO's methodology for evaluating the societal value of customer interruptions was improperly included in the estimates of avoided damages and restoration costs, and that it is a highly subjective measure. The Joint Parties argued that the societal value of customer interruptions should be excluded from the justification of SPP programs and projects.

B. Analysis

The first utility storm hardening programs were filed for our approval in 2007 and were reviewed by us at least every three years thereafter. In 2019, the Florida Legislature emphasized the importance of storm hardening when it enacted Section 366.96, F.S., entitled "Storm Protection Plan Cost Recovery."[5] Subsection 366.96(3), F.S., requires each IOU to file a transmission and distribution SPP for our review and directs us to hold an annual proceeding to determine the IOU's prudently incurred costs to implement the plan and allow recovery of those costs through the SPPCRC.

We promulgated two rules, Rule 25-6.030, F.A.C., Storm Protection Plan, and Rule 25-6.031, F.A.C., Storm Protection Cost Recovery, to implement and administer Section 366.96, F.S. Subsection 366.96(4), F.S., provides:

> (4) In its review of each transmission and distribution storm protection plan filed pursuant to this section, the commission shall consider:
> (a) The extent to which the plan is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability, including whether the plan prioritizes areas of lower reliability performance.
> (b) The extent to which storm protection of transmission and distribution infrastructure is feasible, reasonable, or practical in certain areas of the utility's service territory, including, but not limited to, flood zones and rural areas.
> (c) The estimated costs and benefits to the utility and its customers of making the improvements proposed in the plan.

[5] Subsection 366.96(1), F.S., provides that it is in the state of Florida's interest to strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, and the undergrounding of certain electrical distribution lines and vegetation management, and that it is in the state's interest for each utility to mitigate restoration costs and outage times to utility customers when developing transmission and distribution storm protection plans.

> (d) The estimated annual rate impact resulting from implementation of the plan during the first 3 years addressed in the plan.

The rule implementing this statute identifies the types of information a utility is to submit for us to consider as part of our SPP review. *See* Rule 25-6.030(3), F.A.C. ("For each Storm Protection Plan, the following information must be provided . . . ."). By its plain language, this rule specifies only the informational content of the SPP filing. It does not establish a substantive standard for our decision on the SPP. We are to apply the considerations specified in Subsection 366.94(4), F.S., in making the ultimate determination whether it is in the public interest to approve, approve with modifications, or deny the SPP.

Under the rule, a utility must provide an estimate and comparison of the costs and benefits of each SPP program.[6] Specifically, Rule 25-6.0303(d), F.A.C., provides as follows:

> (3)(d) A description of each proposed storm protection program that includes:
> 1. A description of how each proposed storm protection program is designed to enhance the utility's existing transmission and distribution facilities including an estimate of the resulting reduction in outage times and restoration costs due to extreme weather conditions;
> 2. If applicable, the actual or estimated start and completion dates of the program;
> 3. A cost estimate including capital and operating expenses;
> 4. A comparison of the costs identified in subparagraph (3)(d)3. and the benefits identified in subparagraph (3)(d)1.

Neither Section 366.96, F.S., nor Rule 25-6.030, F.A.C., explicitly require a prescriptive or specific kind of analysis or comparison of costs or benefits in a SPP.

Rule 25-6.030(3)(d), F.A.C., requires "…a comparison of the costs identified in subparagraph (3)(d)3. and the benefits identified in 3(d)1." The Joint Parties alleged that TECO improperly calculated certain benefits. By arguing that TECO did not provide an adequate "comparison of costs and benefits," the Joint Parties' arguments are about the methodology of TECO's alleged benefits. We believe that TECO provided adequate information for us to evaluate TECO's SPP.

While the nature of cost data is objective, benefits in the context of storm hardening specifically, may require various forms description and analysis to ascertain. We believe that a utility should have the flexibility to use a methodology that it believes most clearly demonstrates the benefits of a SPP takes into account the real world nature of storm protection. It is not a traditional utility function required for day-to-day service. Rather, it is an activity that goes above and beyond the basic "sufficient, adequate, and efficient" standard of service to strengthen existing utility infrastructure to withstand potential extreme weather conditions. Section 366.03,

[6] Specific elements of Rule 25-6.030, F.A.C., such as areas for prioritization and rate impact, are discussed in more detail in Sections II through VI of this Order.

F.S. Accordingly, storm hardening costs may or may not produce actual financial benefits that exceeds costs during a given time, depending on a particular utility's circumstances.[7]

This is why Section 366.96(4)(a), F.S., provides the flexibility for IOUs to submit their hardening plans so long as the plans include projects that effectively "reduce restoration costs and outage times associated with extreme weather events and enhance reliability" for customers. For these reasons, we believe that a utility should have the option to submit what it deems is its most accurate data or analysis of costs and benefits for the Commission's consideration.

In this case, we believe that TECO provided the information necessary for us to make a determination on TECO's SPP. This information included the expected benefits in the form of avoided restoration costs and customer outages and a monetization of avoided customer outages. For example, TECO provided the Distribution Feeder Hardening Program would decrease restoration costs by approximately 54 percent and reduce customer minutes of interruption by approximately 46 percent. This information allows us to evaluate the potential of the SPP to mitigate outages and reduce restoration costs.

C. Conclusion

TECO satisfied the SPP Rule with its filing, and we have sufficient information to make a public interest determination on its SPP.

II. Is TECO's SPP expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

A. Parties' Arguments

TECO stated that its SPP is expected to significantly reduce restoration costs and outage times associated with extreme weather events and enhance reliability. Witness Pickles testified that TECO utilized a similar analysis and methodology to support its SPP that it used for its 2020 and 2022 SPPs, 1898 & Co.'s "Storm Resilience Model."

TECO presented evidence that this analysis and modeling showed that its proposed SPP Programs are expected to reduce restoration costs by $380-$531 million and reduce Customer Minutes of Interruption (CMI) by 29 percent over the next 50 years, depending on the intensity and frequency of extreme weather events. TECO asserted that the Utility's Vegetation Management Program is expected to improve SAIFI by 15.3 percent, SAIDI by 9.6 percent, and reduce restoration costs by 22.2 percent.

[7] Consider the following example: a utility spends $10 million to convert wooden poles to concrete poles. Based on the assumption that a Category 3 hurricane would strike the area every three years, the projected benefits are $15 million over 30 years for a net savings to customers of $5 million. However, if the utility does not experience extreme weather in these locations for a period of time (as was the case for the period 2005 through 2017) there are no monetized benefits to the general body of customers. The customers may nonetheless be receiving qualitative benefits (the system is better prepared for when extreme weather does occur) that are consistent with the public interest requirements of Section 366.96, F.S.

According to the Joint Parties, several of TECO's SPP programs and projects are not extreme weather storm hardening programs, but are more properly characterized as part of the Utility's routine maintenance responsibilities, and should not be included in TECO's SPP. The Joint Parties rejected TECO's methodology and stated that two of TECO's SPP programs would not result in decreased outage times and costs, as required by Rule 25-6.030, F.A.C., specifically, the Transmission Access Enhancement Program and a project within the Overhead Feeder Hardening Program. Walmart adopted the position of OPC.

B. Analysis

Subsection 366.96(4)(a), F.S., states that when reviewing a utility's transmission and distribution storm protection plan, we shall consider the extent to which the plan is expected to reduce restoration costs and outage times associated with extreme weather events, and enhance reliability. Rule 25-6.030(3)(d)1., F.A.C, requires a utility to provide a description of how each proposed storm protection program is designed to enhance the utility's existing transmission and distribution facilities including an estimate of the resulting reduction in outage times and restoration costs due to extreme weather conditions.

We do not find support for the Joint Parties criticism of TECO's methodology for showing its SPP costs and benefits, above. TECO's methodology, 1898 & Co.'s "Storm Resilience Model," included the following:

- Major Storm Event Database.
- Storm Impact Model (SIM).
- Resilience Benefit Module.
- Budget Optimization & Project Prioritization.

The Major Storm Event Database contained 13 unique storm types with a range of probabilities and impacts to create a total database of 99 different unique storm scenarios utilizing National Oceanic and Atmospheric Administration (NOAA) historical analysis, capturing data of probability, system impacted, duration, and cost to restore the system. For example, the SIM models calculate the hardening benefits for all projects for each storm event. The Resilience Benefit Module simulated future major events over 50 years, calculating the storm customer outage duration and monetization of CMI, as well as resilience benefit calculation used to prioritize the projects. The Budget Optimization & Project Prioritization used different budget scenarios to determine the point of diminishing return and bundled projects.

The estimated benefits of a reduction in restoration costs and outage times are calculated as a percentage improvement expected during extreme weather or major event days when compared to the status quo. TECO's proposed SPP projected cost versus benefit or decreased restoration cost and reduced CMI is shown in Table 1 as follows:

Table 1
TECO's SPP Projected Cost versus Benefit

Storm Protection Program	Projected Reduction in Restoration Costs (Approximate benefits in percent)	Projected Reduction in Customer Minutes of Interruption (Approximate benefits in percent)
Distributed Lateral Undergrounding	32	45
Transmission Asset Upgrades	85	14
Substation Extreme Weather Hardening	20-25	12-45
Distribution Feeder Hardening	54	46
Transmission Access Enhancement	28	55

Source: EXH 9, P 103

The Joint Parties argued in their brief that although some of TECO's programs will have an impact on reducing outages times and lowering restoration costs, several of the programs are not storm hardening and do not meet the requirements of the SPP Rule. The Joint Parties also argued that these programs were merely routine maintenance projects for an electric utility and should not be included in TECO's SPP. We disagree.

We believe that TECO provided the necessary information to demonstrate its SPP reduces restoration costs and outage times associated with extreme weather events. Using the Storm Resilience Model to incorporate data specific information to its transmission and distribution facilities, the Company estimated the reduction in outage times and restoration costs that could result from the implementation of its proposed SPP programs. Based on the results of the model, TECO demonstrated that its proposed programs are projected to reduce restoration costs and outage times associated with extreme weather events.

C. Conclusion

TECO utilized a Storm Resilience Model to support its 2022 SPP program evaluation and prioritization. The results of this model estimate that TECO's SPP is projected to reduce restoration costs and outage times associated with extreme weather events.

III. Does TECO's SPP appear to prioritize areas of lower reliability performance?

A. Parties' Arguments

TECO asserted that its methodology prioritizes the projects that incorporate reliability performance measures, which reflect a higher prioritization of projects that are anticipated to deliver the highest customer benefit at the lowest relative cost over other projects. TECO presented testimony that its SPP properly prioritizes areas of lower reliability performance.

The Joint Parties reiterated their arguments that TECO inflated the projected benefits of its SPP projects by including societal value in its calculations and analysis. Walmart adopted the position of the Joint Parties on this issue.

B. Analysis

Subsection 366.96(4)(a), F.S., provides that when reviewing a utility's transmission and distribution storm protection plan, we consider the extent to which the plan prioritizes areas of lower reliability performance. Rule 25-6.030(3)(e)1.d., F.A.C., requires a utility to provide a description of the criteria used to select and prioritize proposed SPP projects.

We disagree with the Joint Parties arguments about TECO's methodology of prioritizing assets. TECO's witness De Stigter testified that the Storm Resilience Model was used to perform an analysis of the 2022-2031 SPP resiliency benefits. The model was developed by 1898 & Co. and was used to:

- Calculate the customer benefits of hardening projects through reduced utility restoration costs and impacts to customers.
- Prioritize hardening projects with the highest resilience benefit per dollar invested into the system.
- Establish an overall investment level that maximized customers' benefits while not exceeding TECO's technical execution constraints.

Witness De Stigter stated that all projects were evaluated and prioritized using the same criteria in order to be ranked against one another and then compared. The model calculated benefits consistently for all projects, allowing project prioritization across the entire asset base for a range of budget scenarios. The witness testified that the Storm Resilience Model utilized a resilience-based planning approach to calculate hardening benefits and prioritize projects. The model's database included the probability of major storm events occurring, as well as the magnitude of impact, and the duration to restore the system, as well as the restoration cost to return the system back to normal after the event. The model uses a probability-weighted basis to determine which specific portions of the TECO system would be impacted, and their contribution to the overall restoration costs. The witness stated that the model evaluates the storm's impact for each portion of the system based on the status of the system and if the portion of the system is already hardened. The witness also stated that the major storm event database utilizes information from the NOAA database of major storm events, TECO's historical storm reports, available information on the impact of major storms to other utilities, and TECO's experience in storm recovery.

OPC provided extremely limited witness testimony specific to this issue. Its witness Mara testified that, contrary to TECO's analysis, prioritizing equipment that is most susceptible to extreme weather events delivers a larger impact at the beginning of each program. Also, OPC's witness Kollen stated that TECO's cost/benefit analysis is flawed due to the inclusion of societal value in the calculations and the view that societal value is a highly subjective measurement. TECO argued that OPC misunderstands how monetized CMI was considered in

the analysis. TECO explained that its model first calculated the benefits of each SPP project in terms of reduced restoration costs and reduced minutes of customer interruption. After this calculation was performed, the model next monetized the estimated CMI savings so that projects could be ranked against each other by one metric, which is dollars. Therefore, it appears TECO does prioritize assets that would have a likelihood of failing during a storm and those that have the greatest impact on CMI. Therefore, we find that TECO's SPP prioritizes areas of lower reliability performance.

C. Conclusion

TECO's SPP prioritized areas of lower reliability performance.

IV. Is TECO's SPP feasible, reasonable, or practical in the TECO's service territory?

Parties' Arguments

TECO asserted that there are no areas of its service territory where it would be impractical, unfeasible, or imprudent to harden. All components of the transmission and distribution system can be hardened to achieve resiliency benefits. TECO stated that its 2022 SPP reflects that it is feasible, reasonable, and practical to harden all components of the Utility's transmission and distribution system in all areas. TECO argued that customers should benefit from the SPP investments, so TECO took steps to ensure that all parts of the Utility's service territory would receive storm protection investments. TECO stated that the intervenors did not present facts to the contrary.

The Joint Parties argued that a number of programs and projects in flood zones that TECO proposed for SPP inclusion would, absent the 2021 Stipulation, be more appropriately addressed in a base rate case since they do not harden the system from extreme storm events. Many of these programs fail what OPC calls its "two-prong" test, which is a construct OPC created in this docket to interpret the SPP statute to require that programs demonstrate quantified reductions of both restoration costs and outage times.

B. Analysis

Subsection 366.96(4)(b), F.S., states that when reviewing a utility's transmission and distribution storm protection plan, we shall consider the extent to which storm protection of transmission and distribution infrastructure is feasible, reasonable, or practical in certain areas of the utility's service territory, including, but not limited to, flood zones and rural areas. Rule 25-6.030(3)(c), F.A.C, requires a utility to provide a description of the utility's service area, including areas prioritized for enhancement and any areas where the utility determined that enhancement of the utility's existing transmission and distribution facilities would not be feasible, reasonable, or practical. Such description must include a general map, number of customers served within each area, and the utility's reasoning for prioritizing certain areas for enhanced performance and for designating other areas of the system as not feasible, reasonable, or practical.

We do not find support for the imposition of OPC's "two-prong" test that would require that each program reduce both restoration costs and outage times, because a reduction of either benefits the customer. We find each of TECO's SPP programs meet the requirements of Subsection 366.96(4)(b), F.S., with the exception of the Transmission Enhancement Access Program, which is addressed in Section VI below.

TECO provided a map of its service territory, which included the number of customers served within each area. TECO witness Pickles testified that all components of the Utility's transmission and distribution system can be hardened to achieve resiliency benefits. The Utility's SPP included consideration of geography, wind speed zones, flood zones, localized vegetation cover, and accessibility of assets. Overall, TECO did not exclude any area of the Utility's existing transmission and distribution facilities for consideration for enhancement due to feasibility, reasonableness, or practicality concerns.

Regarding TECO's Substation Extreme Weather Hardening Program specifically, TECO witness Plusquellic rebutted OPC's arguments that TECO's Program does not qualify as storm hardening. Witness Plusquellic testified that TECO's approach is to bring equipment up to the current industry standards when it is replaced or upgraded, while foregoing upgrading the remainder of the substations in order to keep control of costs. TECO's witness also testified that the referenced flooding standards were not developed to address storm surge and that TECO evaluated the storm surge potential of its projects by using the Sea, Land and Overland Surges from Hurricanes ("SLOSH") Model to determine which substations were at greater risk. The witness also testified that the nine substations included in the Substation Extreme Weather Hardening Program were selected because they serve critical load. Witness Plusquellic stated the loss of some of these substations could trigger the loss of interconnected transmission lines or risk a loss of service to a critical facility if that load could not be switched to another substation.

Although OPC argued that TECO's Substation Extreme Weather Hardening Program would not reduce outage times, OPC witness Mara did not present any specific outage or performance to support the Joint Parties argument. In view of the information presented in TECO's SPP and witness testimony on the Substation Extreme Weather Hardening Program, this Program reasonably addresses the storm issues present in specific areas of the Utility's service territory, including, but not limited to, flood zones and rural areas.

C. Conclusion

TECO's SPP is feasible, reasonable, and practical within the Utility's service territory.

V. What are the estimated costs and benefits of TECO's SPP?

A. Parties' Arguments

TECO estimated the total costs for the 2022-2031 SPP to be $2,076 million, resulting in a total revenue requirement of $1,371 million. TECO asserted that the programs analyzed by 1898 & Co. are expected to reduce restoration costs by $380-$531 million and reduce CMI by 29 percent over the next 50 years. The Utility's Vegetation Management Program alone is expected

to reduce restoration costs by 22.2 percent. TECO provided testimony that the 2022 SPP estimated costs are reasonable when compared to the estimated benefits. TECO argued that the net cost of its SPP equates to $0.65 to $0.78 per minute to reduce a minute of customer interruption. TECO stated that OPC did not present evidence that TECO's data was inaccurate but, instead, discussed inflation. TECO stated that its cost/benefit analysis did prioritize projects and programs that included the highest benefits with the investment.

The Joint Parties asserted that while TECO provided a cost/benefit analysis, the Joint Parties believe that it does not show that the incremental costs of the expanded or new SPP programs have benefits that exceed the costs. According to the Joint Parties, if the programs and projects are not economically justified, then the programs and projects cannot be prudent and the costs would be unreasonable. They argued that by including societal value within its analysis, TECO demonstrates actual benefits are uncertain. The Joint Parties also argued that even if the Utility's estimated benefits are correct, we should reduce TECO's SPP costs by approximately half. Walmart adopts the position of OPC.

B. Analysis

Subsection 366.96(4)(c), F.S., requires us to consider the estimated costs and benefits to the utility and its customers in a proposed SPP. Accordingly, Rule 25-6.030(3)(d)4., F.A.C., requires a utility to provide a comparison of the estimated program costs, including capital and operating expenses, and the benefits identified by TECO.

Subsection 366.96(4)(c), F.S., states that when reviewing a utility's transmission and distribution storm protection plan, we shall consider the estimated costs and benefits to the utility and its customers of making the improvements proposed in the plan. Rule 25-6.030(3)(d)4, F.A.C., requires a utility to provide a comparison of the estimated program costs, including capital and operating expenses and the benefits.

For each SPP program, TECO listed the estimated capital costs and operating expenses, which are summarized in Table 2 below. TECO compared these costs with the estimated benefits that could be achieved from the completion of its programs. The benefits included the reduction in outage times (CMI reduction).

Table 2
TECO's 2022-2024 SPP Program Costs

Program Name	2022 (millions)	2023 (millions)	2024 (millions)
Distribution Lateral Undergrounding	$105.8	$104.7	$105.2
Distribution Overhead Feeder Hardening	$33.4	$30.7	$30.7
Vegetation Management	$26.2	$29.1	$28.7
Transmission Asset Upgrades	$17.0	$18.0	$18.1
Substation Extreme Weather Hardening	$0	$0.7	$4.3
Infrastructure Inspections	$1.6	$1.6	$1.6
Transmission Access Enhancement	$2.4	$3.0	$3.0
Legacy Storm Hardening Plan Initiatives	$13.6	$14.0	$14.4
Total	$200.0	$201.8	$205.9

Source: EXH 9, P 102

OPC witness Kollen testified that TECO did perform a cost/benefit analysis; however, the values utilized by the Company were flawed due to the inclusion of societal values within the calculations. We disagree. TECO provided the necessary information, because TECO estimated the reduction in outage times and restoration costs that would result from the implementation of its proposed SPP programs. TECO also listed in its plan the program costs, including capital and operating expenses. Therefore, the estimated costs and benefits to TECO and its customers as a result of the proposed programs were presented by TECO in its SPP.

C. Conclusion

The estimated costs of TECO's SPP programs are shown in Table 2, and the projected benefits of TECO's SPP programs are shown in Table 1.

VI. What are the annual rate impacts of TECO's SPP programs for the first three years?

A. Parties' Arguments

TECO argued that it provided the estimated rate impacts as required by the SPP Rule. The rate impacts reflect the total cost of TECO's SPP, whether costs are recovered through the SPPCRC or base rates. In response to OPC's position, TECO argued that it did not act improperly by calculating the estimated rate impacts of the plan after setting the program budgets. TECO also stated that its team was aware of potential rate impacts to customers when preparing the plan, since the 2022 SPP is essentially a continuation of the prior 2020 SPP.

The Joint Parties stated that TECO's rate impacts to customers were improperly calculated. The Joint Parties argued that since TECO did not calculate the specific rate impacts to customers until after the capital expenditure level for the plan was established, customer impact was not considered. The Joint Parties also argued that the customer benefits were inflated, and some programs are not affordable and thus unjustifiable. The Joint Parties also stated that there is no evidence that the Company considered the reasonableness of the customer

impact when determining the SPP. The Joint Parties argued that with the economic situation, as well as with the fuel and purchased power cost recovery, we should consider the impact on customer bills and modify TECO's SPP so that customer rate impacts are considered.

The Joint Parties also stated that the pace of the Distribution Lateral Undergrounding Program is too aggressive and represents over 60 percent of TECO's total SPP capital costs. The Joint Parties argued spending substantially less would only reduce the benefits slightly and would balance the financial impacts of storm hardening activities on customers. The Joint Parties further argued that the Distribution Overhead Feeder Hardening Program is also too aggressive and the budget should be limited to TECO's 2020 SPP level of $10 million per year.

B. Analysis

Section 366.96(4)(d), F.S., states that when reviewing a utility's transmission and distribution storm protection plan, we shall consider the estimated annual rate impact resulting from implementation of the plan during the first three years addressed in the plan. Rule 25-6.030(3)(h), F.A.C., requires the utilities to provide an estimate of the rate impact for each of the first three years of its SPP for the utility's typical residential, commercial, and industrial customers. In addition, Rule 25-6.030(3)(i), F.A.C., requires the utilities to provide any description of any implementation alternatives that could mitigate the resulting rate impact. This issue will address the annual rate impacts for the first three years of the Company's SPP and deployment alternatives that would mitigate rate impacts to customers.

Pursuant to Rule 25-6.030(3)(h), F.A.C., TECO provided the rate impact information for each customer type, which is shown in Table 3 below.

Table 3
SPP Estimated Rate Impact (2022-2024)

Customer Class	2022	2023	2024
Residential ($/1000 kWh)	$3.26	$4.99	$6.42
Commercial (1MW 60 percent Load Factor)	1.17%	1.28%	1.37%
Industrial (10MW 60 percent Load Factor)	1.08%	1.19%	1.29%

Source: EXH 9, P 107; EXH 79, BSP 4

OPC witness Mara testified that certain programs should be excluded from TECO's SPP. Specifically, OPC witness Mara recommended a reduction in capital spending for the Distribution Overhead Feeder Hardening Program due to limiting the rate impact to customers. OPC witness Mara further recommended a reduction in capital spending for the Distribution Lateral Undergrounding Program.

In response to OPC's witness testimony to reduce the budget of the Distribution Lateral Undergrounding Program, TECO witness Plusquellic testified that OPC witness Mara's reductions have no reasoned basis, and the OPC witness does not identify specific projects to delay or deny. Witness Plusquellic argued that TECO was thorough and reasoned in determining the funding level of the program. Witness Plusquellic also stated that a reduction to the budget

would delay the benefits that all customers would receive from avoided restoration costs and since fewer laterals would be undergrounded, delay the benefit of reduced outage times for some customers. In response to OPC's witness testimony on the Distribution Overhead Feeder Hardening Program, TECO witness Plusquellic argued that OPC's proposed budget cuts are arbitrary and reducing the investment level of the program would delay benefits to the customers.

We are persuaded by the evidence that the Distribution Overhead Feeder Hardening Program would provide benefits to a large number of customers, for a smaller relative budget. For TECO's Distribution Overhead Feeder Hardening Program, we find no adjustment to the program budget is needed. The program budget for the Distribution Overhead Feeder Hardening Program makes up a smaller percentage of the total SPP costs and will benefit a larger number of customers.

In addition, we are persuaded by TECO's evidence that TECO's Distribution Lateral Undergrounding Program will provide benefits to customers. We disagree with OPC witness Mara's proposal, because his calculation is based on the total program cost for the 10-year period. We find that making any adjustments based on a 10-year budget to this program is not practical given that we must review a utility's SPP at least every three years as well as conduct annual cost-recovery proceedings. Therefore, TECO's Distribution Lateral Undergrounding is also approved.

C. Conclusion

The estimated annual rate impact of TECO's SPP programs are shown in Table 3.

VII. Is TECO's SPP in the public interest?

A. Parties' Arguments

TECO argued it is in the public interest to approve TECO's 2022-2031 Storm Protection Plan without modification because that Plan meets all of the requirements of, and will further all of the objectives of, Section 366.96, F.S., and Rule 25-6.030, F.A.C. With regard to its Transmission Access Enhancement Program specifically, the Utility asserted that enhancing transmission rights-of-way would allow them to expedite repairs, which is critical to restoration of service. TECO stated during normal weather, when time is not critical, the Utility can take a longer route through a different access point or postpone visits until conditions at a given access point improve. TECO argued that witness Mara's criticism of not evaluating alternative specialized equipment is incorrect, since TECO does own and operate that type of equipment. Also, in TECO's experience, this equipment does not resolve all access issues. TECO also argued that the Transmission Access Enhancement Program is not replacing "aging infrastructure" as suggested by OPC, but upgrading existing access points by installing new permanent roads and bridges for improved and faster access during extreme weather events.

The Joint Parties argued for the modification of the Transmission Access Enhancement Program, the Substation Extreme Weather Program within the Overhead Feeder Hardening

Program. The Joint Parties specifically argued the Transmission Access Enhancement Program should be excluded from the SPP since this Program should be part of TECO's daily operational maintenance.

Walmart stated that continued collaboration by interested stakeholders prior to submission of TECO's next SPP would promote the public interest. According to Walmart, this collaboration would result in enhanced customer-sited generation to strengthen the Transmission and Distribution systems and provide customers with lower restoration costs, shorter outage periods, and more reliable electric service overall.

B. Analysis

Subsection 366.96(5), F.S., requires us to determine, no later than 180 days after a utility files its plan, "whether it is in the public interest to approve, approve with modification, or deny the plan." Unlike the Storm Hardening Plans, Subsection 366.96(7), F.S., states that once a storm protection plan is approved, a utility's "actions to implement the plan shall not constitute or be evidence of imprudence." TECO's SPP filing satisfies the requirements of Rule 25-6.030, F.A.C., and provides us with adequate information in order to satisfy its statutory requirements. TECO's SPP for the period of 2022-2031 included the following programs:

- Distribution Lateral Undergrounding
- Distribution Overhead Feeder Hardening
- Vegetation Management
- Transmission Asset Upgrades
- Substation Extreme Weather Hardening
- Infrastructure Inspections
- Legacy Storm Hardening Initiatives

TECO also included a Transmission Access Enhancement Program as part of its SPP. OPC witness Mara recommended modifications to four of TECO's SPP Programs: Distribution Lateral Undergrounding, Substation Extreme Weather Hardening, Distribution Overhead Feeder Hardening, and the Transmission Access Enhancements Program. We addressed why the Distribution Lateral Undergrounding, Distribution Overhead Feeder Hardening, and Substation Extreme Weather Hardening Programs should remain in TECO's SPP above in Sections IV and V of this Order. For the reasons set forth below, we find TECO's SPP meets the statutory standard of public interest set forth in Subsection 366.96(5), F.S., with the exception of the Transmission Access Enhancement Program.

Although TECO offered testimony in support of its Transmission Access Enhancement Program, we agree with the Joint Parties that TECO's Transmission Access Enhancement Program is not a storm hardening activity. The Transmission Access Enhancement Program consists of a net total of 74 access road projects and 21 potential bridge projects. OPC witness Mara testified that maintaining and replacing access roads and bridges is not storm hardening. The witness stated that aging infrastructure programs, which do not decrease outage costs and do

not reduce outage times when compared to equivalent existing system infrastructure, should be recovered through base rates rather than the SPPCRC because they are ordinary replacements. OPC witness Mara testified that an alternative to the Transmission Access Enhancement Program is the use of specialized equipment to access difficult terrain including track vehicles, large tire vehicles, and floating equipment. The witness testified that an electric utility has a duty to maintain its infrastructure, including roads. Replacing bridges and re-building roads are not enhancement programs, but rather, simply maintaining infrastructure at the status quo. The witness testified that any reduction in outage times and restoration costs should be measured against a well-maintained infrastructure of roads and bridges. The witness asserted that bringing inadequate or poor-quality roads and bridges to a well-maintained state does not reduce storm restoration costs or outage times.

TECO's witness Plusquellic testified that TECO's proposed Transmission Access Enhancement Program is not replacing "like for like" bridges. OPC countered TECO's testimony with evidence that all road projects involve construction of new roads at points where a permanent road did not exist before and all bridge projects involve construction of new or upgraded bridges.

We agree with the Joint Parties. While new activities or programs that involve new construction or upgrades may provide increased resiliency, they do not necessarily equate to storm hardening. Rule 25-6.030(2)(c), F.A.C., defines transmission and distribution facilities as "all utility owned poles and fixtures, towers and fixtures, overhead conductors and devices, substations and related facilities, land and land rights, roads and trails, underground conduits, and underground conductors." This definition is also consistent with the FERC system of accounts, and thus, we view this definition as inclusive of all components of a transmission or distribution project, not that each component is independently eligible for storm protection cost recovery. For example, a road may need to be repaired or relocated as part of a hardening project that converts wood poles to concrete poles. The total costs of the project, including the cost of road repair, is included in the transmission plant reporting category and eligible for storm protection cost recovery.

As discussed above, TECO did not provide sufficient data supporting its position that obtaining or renting specialized equipment is difficult or more costly than its proposed program. Even though TECO explained that some of its transmission systems were constructed without access roads, the Utility should still maintain access for activities, such as vegetation management and inspections.

TECO's Transmission Access Enhancement Program is a regular activity and is not a storm protection activity, and should therefore be removed from TECO's SPP. TECO shall file a modified SPP that reflects the removal of the Transmission Access Enhancement Program within 30 days of issuance of the final order for administrative approval by Commission staff.

Walmart raised a general comment about SPPs. Walmart provided no witness testimony, but argued in its brief that it would be in the public interest if TECO continued to collaborate with Walmart and other interested stakeholders to develop ways in which customer-sited generation may be utilized to strengthen TECO's system. Although we agree with continuing

the collaboration between utilities and interested stakeholders, the SPP Statute does not contemplate customer-sited generation. Subsection 366.96(2)(b), F.S., defines a transmission and distribution storm protection plan as "a plan for the overhead hardening and increased resilience of electric transmission and distribution facilities, undergrounding of electric distribution facilities, and vegetation management." Thus, on-site generation does not meet the definition as laid out in the statute.

C. Conclusion

We find that TECO's SPP except for the Transmission Access Enhancement Program is in the public interest and shall be approved. TECO shall file a modified SPP that removes the Transmission Access Enhancement Program within 30 days of issuance of the final order for administrative approval by Commission staff.

Based on the foregoing, it is

ORDERED that Tampa Electric Company's Storm Protection Plan the Transmission Access Enhancement Program met the requirements of Rule 25-6.030, F.A.C., is in the public interest and shall be approved. It is further

ORDERED that Tampa Electric Company shall file a modified Storm Protection Plan reflecting the removal of the Transmission Access Enhancement Program within 30 days of the final order for administrative approval by Commission staff. It is further

ORDERED that the docket shall remain open for Commission staff's verification that the amended Storm Protection Plan has been filed and complies with this order. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 10th day of November, 2022.

ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

WLT/JDI

COMMISSIONER PASSIDOMO DISSENTS WITH OPINION:

Commissioner Passidomo dissents with opinion from the Commission's decision to approve the Distribution Lateral Undergrounding Program at the level requested by the utility in their proposed Storm Protection Plan, as follows:

Section 366.96(4)(d), F.S., requires the Commission to consider "[t]he estimated annual rate impact resulting from implementation of the plan during the first 3 years addressed in the plan." Additionally, Section 366.96(4)(c), F.S., states that the Commission shall consider the estimated costs and benefits to the utility and its customers of making the improvements proposed in the plan.

The benefits of undergrounding are indisputable; however, the proposed cost of the program must be considered. I believe that maintaining the spending levels of the Distribution Lateral Undergrounding Program at the 2021 level will provide the stated benefits to the utility and customers, while moderating the rate impact to customers. By tempering the pace of these investments, the Commission will have an opportunity to reassess over time how effective this program is in various geographic areas and under different storm conditions.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Tampa Electric Company
Proposed 2022 – 2031 Storm Protection Plan Programs

Distribution Lateral Undergrounding
TECO's Distribution Lateral Undergrounding program is a program that strategically undergrounds existing overhead laterals. The primary factor in prioritizing laterals to be underground is based on reliability performance during extreme weather events.

Distribution Overhead Feeder Hardening
TECO's distribution system will be hardened to withstand increased wind-loading and harsh environmental conditions associated with extreme weather events by increasing the resiliency and sectionalizing capabilities of the system.

Vegetation Management
TECO's distribution and transmission vegetation management activities are both addressed in this program. TECO's distribution tree trimming program includes circuit tree trimming activities, mid-cycle trimming activities, customer requested work, and work orders associated with circuit improvement processes. TECO's distribution system is on a four-year cycle and the transmission system is on three-year cycle.

Transmission Asset Upgrades
TECO plans to replace its remaining transmission wood poles with non-wood material. This is a continuation of TECO's existing pole replacement program, which includes replacing poles based on preventative, corrective or project-driven assessments.

Substation Extreme Weather Hardening
Hardening existing substations to minimize outages, reduce restoration times and enhance emergency response during extreme weather events is a new program included in TECO's SPP. No projects were planned or completed for 2021 under this program as TECO finished its studies on the substations. Nine substations are recommended for hardening; however, the projects are projected to start in 2023.

Infrastructure Inspections
TECO's distribution wood pole inspections and transmission structure inspections, and the joint use pole attachment audit are combined into one program. The distribution wood pole inspections are on an eight-year cycle program and the transmission structure inspections include a range of inspections from ground to aerial infrared patrols with a range of cycles from annual to eight years.

Transmission Access Enhancements
In order to have continuous access to its transmission facilities for restoration, TECO implemented this program in its SPP to maintain the access roads and bridges leading to its facilities. TECO did not plan or complete any projects in 2021 as the Utility continued to focus on the program's specifications, contracts, and plans. However, the utility plans to complete 25 road projects and 19 bridge projects during the 2022-2031 time frame.

Legacy Storm Hardening Initiatives

TECO's continuation of Commission Order No. PSC-06-0351-PAA-EI. Included in this program is the Geographical Information System, Post-Storm Data Collection, Outage Data-Overhead and Underground Systems, Increase Coordination with Local Governments, Collaborative Research, Disaster Preparedness and Recovery Plan, and Distribution Pole Replacements.