BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Petition for Recovery of Costs Associated with Named Tropical Systems during the 2018-2022 Hurricane Seasons and Replenishment of Storm Reserve, by Tampa Electric Company	)	DOCKET NO. 20230019-EI
	)	FILED: April 16, 2024

PREHEARING STATEMENT
OF TAMPA ELECTRIC COMPANY

Tampa Electric Company ("Tampa Electric," "TEC," or the "company") submits this prehearing statement in accordance with Order No. PSC-2023-0309-PCO-EI, issued October 17, 2023 ("Order Establishing Procedure"):

A. APPEARANCES

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Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES

Witness	Subject Matter	Issues #
Chip S. Whitworth (direct)	Electric Delivery	2-6, 9-10, B
Richard J. Latta (direct)	Finance, accounting, and budgeting.	1-14, B
Jordan M. Williams (rebuttal)	Rate Design	A

C. EXHIBITS

Witness	Proffered By	Exhibit #	Description	Issues #
Direct				
Chip S. Whitworth	Tampa Electric Company	CSW-1	Total Restoration Costs By Storm	1-10
Richard J. Latta	Tampa Electric Company	RJL-1	(1) Total Restoration Costs by Storm and Cost Category, (2) Incremental Recoverable Restoration Costs by Storm, and (3) PwC Audit Report	1-15

D. STATEMENT OF BASIC POSITION

Tampa Electric's Statement of Basic Position:

As noted in in Order Nos. PSC-2023-0116-PCO-EI, issued March 27, 2023 and PSC-2023-0351-PCO-EI, issued November 20, 2023, this docket is open for the final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted. The purpose of the May 1, 2024 hearing is to determine actual recoverable storm costs.

The Commission should find that Tampa Electric complied with Rule 25-6.0143, Florida Administrative Code, and its 2019 Stipulation and Settlement Agreement, and approve Tampa Electric's actual recoverable storm restoration costs in the amount of $134,832,847.83. The Commission should also approve Tampa Electric's proposed true-up mechanism for the Interim Storm Restoration Charge.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Should the incremental cost and capitalization approach (ICCA) found in Rule 25-6.0143, F.A.C., be used to determine the reasonable and prudent amounts to be included in the restoration costs?

TEC: Yes. The Commission should find that the company complied with the rule. (Latta)

ISSUE 2: Have the terms of TECO's 2019 Stipulation and Settlement, approved by Order No. PSC-2019-0234-AS-EI, issued June 14, 2019, been complied with? If not, why not?

TEC: Yes. The Commission should find that the company complied with the 2019 Stipulation and Settlement. (Latta, Whitworth)

ISSUE 3: What is the reasonable and prudent amount of regular payroll expense to be included in the restoration costs?

TEC: The Commission should approve $3,281,788.00 as the reasonable and prudent amount of regular payroll expense to be included in the restoration costs. (Latta, Whitworth)

ISSUE 4: What is the reasonable and prudent amount of overtime payroll expense to be included in the restoration costs?

TEC: The Commission should approve $6,832,831.08 as the reasonable and prudent amount of overtime payroll expense to be included in the restoration costs. (Latta, Whitworth)

ISSUE 5: What is the reasonable and prudent amount of contractor costs to be included in the restoration costs?

TEC: The Commission should approve $90,569,291.92 as the reasonable and prudent amount of contractor costs to be included in the restoration costs. This amount is slightly lower than the previously reported amount of $90,852,788.61 because a few final invoices came in slightly lower than the accrued expense amounts. (Latta, Whitworth)

ISSUE 6: What is the reasonable and prudent amount of vegetation and line clearing costs to be included in the restoration costs?

TEC: The Commission should approve $10,884,426.12 as the reasonable and prudent amount of vegetation and line clearing costs to be included in the restoration costs. (Latta, Whitworth)

ISSUE 7: What is the reasonable and prudent amount of employee expenses to be included in the restoration costs?

TEC: Zero. Tampa Electric did not request recovery of Tampa Electric employee expenses. (Latta)

ISSUE 8: What is the reasonable and prudent amount of materials and supplies expense to be included in the restoration costs?

TEC: Zero. Tampa Electric did not request recovery of materials and supplies expenses. (Latta)

ISSUE 9: What is the reasonable and prudent amount of logistics costs to be included in the restoration costs?

TEC: The Commission should approve $18,893,127.42 as the reasonable and prudent amount of logistics costs to be included in the restoration costs. This amount reflects additional costs related to interest income, examination costs, and ARCOS (GPS tracking technology) implementation costs totaling $3,592,865.25, $381,000, and $397,518.04 respectively. (Latta, Whitworth)

ISSUE 10: What is the reasonable and prudent total amount of costs to be included in the restoration costs?

TEC: The Commission should approve $134,832,847.83 as the reasonable and prudent total amount of costs to be included in the restoration costs. This is $266,249.88 lower than the total presented in witness Latta's testimony of $135,099,097.71. This change is because of final invoice payments and adjustments to accrued interest income based on the current month's Commercial Paper interest rate. As of March 31, 2024, all invoices relevant to this docket have been processed. (Latta, Whitworth)

ISSUE 11: What is the reasonable and prudent amount of storm-related costs that should be capitalized?

TEC: The Commission should approve $4,799,217.43 as the reasonable and prudent amount of storm-related costs that should be capitalized. (Latta)

ISSUE 12: What is the appropriate accounting treatment associated with any storm costs found to have been imprudently incurred?

TEC: The accounting treatment for any storm costs found to be imprudently incurred, and initially posted to the storm reserve, is to remove the charge from the reserve and post the charge to the company's applicable O&M account, or capital as identified; however, the current total restoration cost presented in this docket does not contain any imprudently incurred costs. (Latta)

ISSUE 13: If applicable, how should any under-recovery or over-recovery be handled?

TEC: Any under or over-recovery will be recovered/refunded through an adjustment to the energy conservation cost recovery clause. (Latta)

ISSUE 14: Should this docket be closed?

TEC: No. This docket should remain open so the company can file supplemental testimony comparing the final recoverable storm costs approved by the Commission with the actual revenues from the Interim Storm Restoration Charge

and calculating the resulting excess or shortfall, so that the true-up amount can be recovered from or credited to the energy conservation cost recovery clause or disposed of in some other manner as approved by the Commission.

CONTESTED ISSUES:

ISSUE A: Should any cost recovery approved in this docket be recovered from demand-metered customers through the demand charge?

TEC: No. The Commission should continue to approve recovery of actual recoverable storm costs on a dollar per kilowatt hour ($/kWh") or energy-only basis. The FPSC has already entered two orders in this case approving interim cost recovery in this docket on an energy only basis. Tampa Electric began recovering storm restoration costs from its customers on that basis beginning with the first billing cycle in April 2023. It would be burdensome to Tampa Electric and confusing to customers to change the basis of recovery at this point in the proceeding. (Williams)

TAMPA ELECTRIC PROPOSED ISSUE:

ISSUE B: What additional storm restoration process improvements should Tampa Electric follow in future storms?

TEC: In addition to the process improvements in Tampa Electric's 2019 Storm Cost Settlement Agreement, Tampa Electric also agrees to follow the additional process improvements described in Attachment A to this Prehearing Statement. (Latta, Whitworth)

F. STIPULATED ISSUES

Tampa Electric is not aware of any stipulated issues as of this date.

G. PENDING MOTIONS

Tampa Electric is not aware of any pending motions as of this date.

H. PENDING CONFIDENTIALITY CLAIMS OR REQUESTS

Tampa Electric's Request for Confidential Classification filed March 26, 2024 (DN 0131-2024) is pending as of the filing of this prehearing statement.

I. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT

Tampa Electric has no objections to any witness' qualifications as an expert in this proceeding.

J. STATEMENT OF SEQUESTRATION OF WITNESSES

Tampa Electric does not request the sequestration of any witnesses at this time.

K. COMPLIANCE WITH ORDER NO. PSC-2023-0309-PCO-EI

Tampa Electric has complied with all requirements of the Orders Establishing Procedure entered in this docket.

DATED this 16th day of April 2024.

Respectfully submitted,

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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

Attachment A
Tampa Electric Company's Prehearing Statement
Ongoing, Continuous Storm Restoration Process Improvements

Tampa Electric Company's ("Tampa Electric" or the "company") 2019 Storm Cost Settlement Agreement includes several "Future Process Improvements" covering a broad range of storm cost recovery issues, including: (1) contracting and vendor engagement; (2) travel and work policies; (3) cost documentation; (4) auditing and regulatory recovery processes; and (5) a methodology for determining incremental costs. *See* Order No. PSC-2019-0234-AS-EI, issued June 14, 2019 in Docket No. 20170271-EI.

Since that time, Tampa Electric has continued to document lessons learned from storm restoration efforts and has as a part of the ongoing, continuous improvement process implemented several additional process improvements.

Tampa Electric commits that it will continue to apply the 2019 storm process improvements, as well as the additional new process improvements listed below, whenever such implementation does not interfere with safe, timely, and cost-effective restoration of service following a storm, and that they will remain in effect until modified by an order of the Florida Public Service Commission. The company will meet with OPC to evaluate the company's storm restoration processes in the first quarter of 2025 and every two years thereafter.

1. **Lodging Procurement and Tracking.** Tampa Electric retained a third-party booking agency that provides a disaster lodging service for emergency lodging needs. This agency provides and books accommodations according to requesters' specific needs, utilizing their extensive and detailed database of lodging vendors and pre-negotiated contracts. They can identify vendors' specific capabilities such as emergency power, parking, food, and laundry services. Additionally, their booking software platform can track detailed information about acquired lodging and utilization rates to help identify unused accommodation to inform decision making. After the emergency, they provide comprehensive invoice tracking and payment support to quickly resolve payment to vendors.
2. **Storm Surge Damage Mitigation.** Tampa Electric developed a new process to anticipate and mitigate storm surge damage by working with Tampa Electric's weather partners, including the National Weather Service ("NWS") and a Florida-based meteorologist. Tampa Electric is the first utility in Florida to be recognized as a "Storm Ready" partner, allowing access to NWS weather data and forecasts. Additionally, Tampa Electric contracted with a Florida based meteorologist to enhance our understanding and interpretation of weather data as it relates to our local geographic conditions. Being able to anticipate the damage more accurately to underground electrical equipment will allow Tampa Electric to better estimate the correct number of external resources required to help restore this equipment.

3. **Base Camp Staging Model.** Tampa Electric maintains contracts with several vendors that supply turn-key emergency accommodations including lodging, meals, sanitation and transportation management. These base camps can be rapidly deployed (usually within 24 hours) to staging sites post-storm and mitigate the company's storm recovery personnel needs.
4. **Eliminating Delays.** Tampa Electric began pre-staging crews in nearby locations, allowing the company to utilize responding crews in the working hours immediately following the passage of storm conditions, even before local staging sites are completely set up.
5. **Distribution Control Center (DCC) Process Changes**. In storm response scenarios, Tampa Electric transitions control from the central DCC to the company's various service areas. One lesson learned was to reduce the transition time from DCC control to service area control, which results in less down time for field personnel and faster restoration of service.
6. **"Cut and Clear" Improvements.** The company improved the locked-out circuit isolation process ("cut-and-clear") by creating a mobile app to transmit faster updates from the field and for easier tracking of work. Re-energizing distribution circuits that have been locked out as quickly as possible after a storm provides one of the greatest values in restoring service to customers. Getting clear and faster updates through a mobile app ensures that this process is carried out without delays.
7. **Improved Outage Detection.** The company improved the detection of outages by having streetlights turned on as soon as restoration begins.
8. **Improved DCC and Service Area Communications.** Tampa Electric implemented multiple process changes to eliminate confusion and miscommunication between the DCC and Service Area Restoration teams. The DCC and the service area restoration teams are the two most critical areas during storm restoration. Clear and up-to-date communications are vital for a successful restoration effort.
9. **Circuit Reconfiguration Logs**. Performing overnight work reduces the overall time to restore service to all customers, but poor communication of work performed overnight to the daytime crews can result in delays. Consequently, the company implemented the use of "abnormal switching logs" in the Advanced Distribution Management System ("ADMS") to communicate circuit reconfigurations performed overnight by the DCC to the service area restoration teams. This helps ensure clear communication of the overnight work to the day crews and eliminates potential delays.
10. **New Safety Measures.** Tampa Electric added steps to reduce the safety risk to field personnel while performing circuit isolation work, such as opening the terminal pole switch and adding "men at work" pole wrap. These steps were added as extra safety measures in addition to steps that were already in place. Given the large amount of field personnel working during storm restoration, adding several layers of protection shows

Tampa Electric's commitment to the company's highest objective: "Safety of life shall outweigh all other considerations."

11. **Additional Distribution System Operators.** The company added more Distribution System Operators and assigned two per affected service area. This eliminated the need to train personnel who were not familiar with ADMS/CAD on how to update ADMS when field restoration is complete. The result is a quicker update of customer outage counts and more accurate estimated times of restoration ("ETR") reflected in the customer-facing outage map. The company believes communications with our customers are just as important as internal communications, and these changes ensure that we communicate outages and ETRs to our customers during the times when they need such information the most.
12. **Retaining Some Foreign Crews in Partial Incident Command Structure ("ICS").** Tampa Electric determined that retaining a small contingent of foreign crews following the transition to partial ICS can help quickly restore the remaining small pockets of outages (secondary, service, etc.). It takes longer to find and fix these smaller outages, and having more crews reduces the time it takes to conduct this effort.
13. **Additional Documentation for Foreign Line Crews.** Tampa Electric added specific terms and conditions to the rate schedule template that is provided to and completed by the foreign companies. In addition, a "Storm Restoration Documentation and Other Requirements" document and an initial email that outlines requirements are provided to each foreign company when they are secured. These measures ensure invoiced costs are fair and meet the requirements of the Storm Cost Settlement Agreement.
14. **Foreign Line Crew Rate Schedules.** Tampa Electric now collects storm rate schedules prior to storm season that identify agreed-upon rates with the foreign contractor. The company has compiled 59 such schedules to date. These schedules are ranked by cost from lowest cost to highest, and if Tampa Electric directly secures foreign contractors, the list is contacted in that order. If a foreign contractor is assigned to Tampa Electric by the SEE, the list is used to determine which companies may be released from restoration first.
15. **Foreign Company "Tracker" Files**. During and after restoration, the Resource Management team updates a "Tracker" file that documents contacts, headcounts, dates, and other pertinent information by foreign company so that Tampa Electric can ensure that all required information needed for proper billing has been collected.
16. **Foreign Line Crew Composition Review.** Before foreign companies are approved to deploy, Tampa Electric now examines rosters provided by the foreign companies immediately after they are secured to ensure that the distribution crew make-ups are no more than four team members per crew (to ensure fair invoicing), and that the crews have at least two line workers and a hot apprentice (minimum standard to safely perform work).

In addition to these process improvements that are already in place, Tampa Electric also identified two additional improvements that the company commits to implement in future storms:

1. **Standardized Rate Schedules.** Tampa Electric currently implements a standardized rate schedule for contracts with line restoration crews. The company also commits to negotiate for and implement standardized rate schedules for contracts with vegetation management crews in future storms.
2. **Formalized Exception Reports.** To better implement Section II.A of the Future Process Improvements in the 2019 Storm Cost Settlement Agreement, Tampa Electric will formally document all exceptions to standardized requirements that have been communicated to foreign companies.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 16th day of April 2024 to the following:

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