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# Public Service Commission

April 26, 2019

Mr James Beasley and Mr. Jeffrey Wahlen  
Ausley Law Firm  
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Tallahassee, Florida 32302  
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STAFF'S SECOND DATA REQUEST  
via e-mail

RE: Docket No. 20170271-EI – Petition for recovery of costs associated with named tropical systems during the 2015, 2016, and 2017 hurricane seasons and replenishment of storm reserve subject to final true-up, Tampa Electric Company.

Dear Mr Beasley and Mr. Wahlen:

By this letter, the Commission staff requests that Tampa Electric Company (TECO) provide responses to the following data requests:

1. Please refer to page 5, of the Settlement Agreement. The Parties state the amended original proposed Recoverable Storm cost was \$102,476,127 and was reduced by the total reduction of \$10,025,098. This deduction totals to \$92,451,029. The total requested amount of storm costs to be recovered from customers is \$91,257,886. Please explain the difference.
2. Please explain the process for the one-time bill credit to be reflected on customers' bills in January 2020, including the estimated bill credit for a residential customer using a 1,000 kWh per month and treatment for any over and under recovery.
3. If the Settlement Agreement is approved, is expedient restoration time the top priority for Tampa Electric for storm response?
4. Please explain in detail how this Settlement Agreement is intended to balance and prioritize restoration time against cost control and vendor oversight. Also, if the answer to Question 3 above is "yes," please explain how the top priority of restoration time would integrate with such balancing.
5. If, after a future storm event, the Process Improvements outlined in the Settlement Agreement are found to hinder the overall storm restoration process, please explain the process the parties would undertake to rectify those issues and potentially revise those

processes found to be a hindrance. Please refer to page 7, paragraph 8 of the Settlement Agreement.

6. If changes to the policies and procedures are agreed upon, will the Parties seek Commission approval for those changes? If so, how will the Parties inform the Commission?

The following series of questions relate to Exhibit 1 attached to the Settlement Agreement. Exhibit 1 is described as a set of future policies and procedures for use by Tampa Electric Company (Tampa Electric) during future named storm events.

7. Please identify which provision(s) of Rule 25-6.0143 would allow the Cost Recovery for Initial Process Implementation, including the Initial Audit, to be charged to Account 228.1.
8. What is the Tampa Electric's estimate of additional time, if any, the application of this set of policies and procedures will add to restoration times following a storm event?
9. What is the Tampa Electric's estimate of how much it will cost to implement this set of policies and procedures?
10. When and specifically how will the costs incurred to implement this set of policies and procedures be recovered by Tampa Electric?
11. Even though the parties have agreed to this set of policies and procedures, is it understood by Tampa Electric—and has Tampa Electric verified with the parties that they have a similar understanding—that the Commission will make future decisions on allowable storm recovery costs on a case-by-case basis based on the evidence in the record?
12. What is Tampa Electric's expectation on how the compliance or lack of compliance with this set of policies and procedures would reflect upon the Commission's decision on a reasonable and prudent determination of storm costs?
13. If there is a dispute about the sufficiency of the documentation, what is the process for resolving such a dispute?
14. Could any of these process changes be detrimental to obtaining contractors to help with storm restoration efforts? Please explain your response.
15. Is Tampa Electric permitted, under the terms of the Settlement Agreement, to contract with vendors who, because of union or other regulations, are unable to abide by the proposed process improvements?

16. Is Tampa Electric permitted, under the terms of the Settlement Agreement, to contract with vendors who refuse on their own accord to abide by the proposed process improvements?

Section E of the "Process Improvements" outlined on Page 11 of the Settlement Agreement states that Tampa Electric will require GPS tracking of vendors "where reasonably practicable".

17. Please explain the benefits of the GPS tracking of vendor crews with regard to restoration efforts and cost control.
18. Please give an example of where GPS tracking of a given vendor may NOT be "reasonably practicable".

Section H of the "Process Improvements" outlined on Page 11 of the Settlement Agreement limits vendor work time to 16 hours on, 8 hours rest.

19. Does this policy include crews working on restoration of critical infrastructure or emergency services (e.g. Hospitals)? Please explain.
20. Is TECO permitted to contract with vendors who refuse to abide by the 16 on, 8 off policy laid out in Section H? Please explain

On page 13, paragraph II. B. Initial Audit Required.

21. Will the independent outside audit be performed each time named storm damages exceed 50 percent of the full authorized storm reserve or \$40 million?
22. Will an independent outside audit be performed when the storm reserve is depleted?
23. Will said audit examine 100 percent or nearly 100 percent of all storm restoration invoices as recommended by OPC witness Schultz's testimony filed in Docket No. 20180049-EI? If not, please explain.
24. In lieu of auditing 100 percent or nearly 100 percent of all storm restoration invoices, can the independent outside audit firm use professional judgement in utilizing statistical or random sampling to conduct their audit?
25. What does Tampa Electric believe to be a reasonable time for said audit to be completed?
26. On page 14, paragraph II.D. Cost Recovery for Initial Process Implementation. Will the Audit from paragraph II.B. be part of the supporting documentation referenced under II.A?

Please refer to the Incremental Cost Methodology Addendum.

27. Please explain in detail how the 3-year historical averages used to determine incremental expenses will be determined. Specifically, whether or not historical years which had storm-related activity during the pertinent month(s) would be supplanted in the 3-year average.
28. Please specify how the amount to be capitalized would be calculated, and provide an example of a distribution pole replacement for illustrative purposes which includes: 1) A reasonable estimated average cost to replace the pole in the absence of a storm (assuming company personnel or embedded vendors during normal hours and/or both); 2) a reasonable estimated average cost to replace the pole during a storm restoration event (assuming the use of 3rd Party contractors using rented equipment outside of normal hours); 3) an explanation of how the Capitalized Costs provision in the proposed settlement agreement would be applied; 4) a description of how the Company would reflect this pole replacement on its books (including all entries pertaining to the establishment of a regulatory asset).
29. How is the methodology used to determine the incremental payroll, under the Incremental Cost Methodology Addendum, consistent with Rule 25-6.0143, F.A.C.?
30. How is the methodology used to determine the Capitalized Costs, under the Incremental Cost Methodology Addendum, consistent with Rule 25-6.0143, F.A.C.?
31. On page 16 of the Settlement Agreement under the heading Capitalized Costs, please identify the amount of capitalized costs agreed to in the instant docket and what the amount of capitalized costs would be if this provision were currently in effect.
32. Please describe the current policy Tampa Electric follows for tracking the costs of poles replaced following storm damage. For purposes of this response, also please explain what impact, if any, this new capitalization provision for capitalization will have on this tracking process.

Please refer to the provision regarding deferral of certain costs to a regulatory asset.

33. Please identify the amount of the regulatory asset that Tampa Electric could create if this provision were currently in effect.
34. Will the regulatory asset accrue a carrying cost until the next rate case? If not, please explain. If yes, please identify and explain the rate of return.
35. For earnings surveillance purposes, will the 60 percent of the total capitalized storm restoration related amounts of plant, accumulated depreciation, and depreciation expense be reflected in the Company's ESRs?

36. Will the associated tangible property taxes for the 40 percent of the total capitalized storm restoration related plant be included in the regulatory asset? If not, please explain.
37. For earnings surveillance purposes, will the accumulated deferred income taxes associated with the 40 percent of the total capitalized storm restoration related plant amount be excluded from the overall cost of capital in the Company's ESRs?

Please file all responses electronically no later than May 3, 2019 from the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6234 if you have any questions.

Sincerely,



Kurt Schrader  
Senior Attorney

KMS/lms

cc: Office of Commission Clerk  
Paula Brown- Regulatory Affairs  
Jon Moyle- FIPUG  
Scheffel Wright – Gardner Law Firm  
Patty Christensen- Office Public Counsel