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April 9, 2019

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

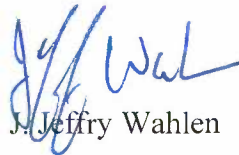
Re: Petition for recovery of costs associated with named tropical systems during the 2015, 2016 and 2017 hurricane seasons and replenishment of storm reserve subject to final true-up, by Tampa Electric Company
FPSC Docket No. 20170271-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Motion to Approve Storm Cost Settlement Agreement.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/pp
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: 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.

DOCKET NO. 20170271-EI

FILED: April 9, 2019

**TAMPA ELECTRIC COMPANY'S MOTION
TO APPROVE STORM COST SETTLEMENT AGREEMENT**

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Rule 28-106.204, F.A.C., hereby requests that the Commission approve the Tampa Electric Storm Cost Settlement Agreement included with this Motion as Attachment "A" and made a part hereof, in order to fully resolve this proceeding.

In support of this Motion, Tampa Electric states:

1. If approved by the Commission, the Tampa Electric Storm Cost Settlement Agreement will be the fifth major non-clause settlement agreement or stipulated proceeding between Tampa Electric, the Office of Public Counsel and the other Consumer Parties since 2013. The other four agreements/stipulated proceedings form the foundation for the Tampa Electric Storm Cost Settlement Agreement and are listed below:

(a) 2013 Stipulation. The Stipulation and Settlement Agreement ("2013 Stipulation") resolved all the issues in Tampa Electric's 2013 base rate case (Docket No. 20130040-EI). Therein, among other things, Tampa Electric agreed that the general base rates provided for in the 2013 Stipulation would remain in effect through December 31, 2017, and thereafter, until the company's next general base rate case. The 2013 Stipulation also created a provision for recovery of named-storm costs and specified that Tampa Electric

would forego seeking future general base rate increases with an effective date prior to January 1, 2018, except in limited circumstances. The Commission approved the 2013 Stipulation and memorialized its decision in Order No. PSC-2013-0443-FOF-EI, issued September 30, 2013.

(b) 2017 Agreement. The 2017 Amended and Restated Stipulation and Settlement Agreement between and among the Parties (“2017 Agreement”), extended the period in which the company would forego general base rate increases from January 1, 2018 to January 1, 2022, authorized the company to implement Solar Base Rate Adjustments (“SoBRA”) for up to 600 MW of solar generation subject to a cost cap and a strict cost effectiveness test, extended the storm cost recovery provisions in the 2013 Stipulation through December 31, 2021, and established a rate reduction mechanism to be applied in the event the federal Internal Revenue Code was amended during the term of the agreement. The FPSC approved the 2017 Agreement by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017, in Docket Nos. 20170210-EI and 20160160-EI.

(c) Implementation Stipulation. The Implementation Stipulation approved in this docket by Order No. PSC-2018-0125-PCO-EI, issued March 7, 2018, memorialized the understanding and agreement of the Parties regarding the manner in which Tampa Electric would implement paragraphs 5 (storm damage) and 9 (federal income tax reform) of the 2017 Agreement and created a true up and refund mechanism for the difference between the amount of recoverable storm costs established in this docket and the annual impact of the Tax Cuts and Jobs Act of 2017 on the company’s revenue requirement.

(d) Federal Tax Reform. The stipulated annual impact of the Tax Cuts and Jobs Act of 2017 on the company’s revenue requirement of \$102,686,671 was approved by the

Commission by Order No. PSC-2018-0457-FOF-EI, issued September 10, 2018, in Docket No. 20180045-EI.

2. The Tampa Electric Storm Cost Settlement Agreement recites the procedural history of this docket and reflects an agreement among the Parties on (a) a Reduced Recoverable Storm Amount of \$91,257,886, (b) the accounting treatment for the Additional Reduction amount of \$7,725,098 and (c) a set of future processes and procedures for use by Tampa Electric during future named storm events.

3. Approval of the Tampa Electric Storm Cost Settlement Agreement is in the public interest and the best interests of Tampa Electric's customers because it: (a) eliminates the uncertainty, time and expenses associated with litigating a contested proceeding; and (b) establishes a set of future processes and procedures for use by Tampa Electric during future named storm events that will reasonably balance the interests of customers to have service promptly restored with their interest to not pay excessive or improper costs to achieve prompt storm restoration. It also will promote an administratively and procedurally efficient resolution of this docket by eliminating the need to (a) conduct a full evidentiary hearing with live testimony and cross-examination and (b) file and consider post-hearing briefs.

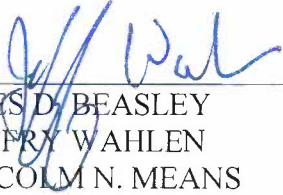
4. As part of this Motion, the company requests that the Commission consider this Motion and attached agreement for approval during the time scheduled for the final hearing in this docket or at another time convenient to the Commission. Further, the company requests that the Commission admit the non-confidential discovery answers and responses provided to the Parties in this docket, the pre-filed testimony filed by the company on February 8, 2019, and the confidential version of the transcript and exhibits of the Confidential Deposition Duces Tecum of Wesley Caldwell taken August 8 and 9, 2018 ("Caldwell Deposition"), into the evidentiary record

in this case without cross-examination as support for approval of the Tampa Electric Storm Cost Settlement Agreement. The company will file the Caldwell Deposition and a Request for Confidential Classification covering it on or before April 19, 2019 and will work with staff counsel and the Parties to develop a stipulated comprehensive exhibit list by the date of the pre-hearing conference that can be admitted into the record without objection.

5. Pursuant to Rule 28-106.204(3), F.A.C., Tampa Electric has conferred with the other Parties in Dockets Nos. 20170271-EI and represent that they support this Motion.

WHEREFORE, Tampa Electric respectfully requests that the Commission grant this Motion and approve the Tampa Electric Storm Cost Settlement Agreement included as Attachment "A".

Respectfully submitted this 9th day of April, 2019.



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Motion to Approve Storm Cost Settlement Agreement, filed on behalf of Tampa Electric Company, has been served by electronic mail on this 9th day of April, 2019 to the following:

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Ms. Johana Nieves
Mr. Kurt Schrader
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ATTORNEY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: 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.

DOCKET NO. 20170271-EI

FILED: April 09, 2019

TAMPA ELECTRIC
STORM COST SETTLEMENT AGREEMENT

THIS AGREEMENT is dated this 9th day of April, 2019 and is by and between Tampa Electric Company (“Tampa Electric” or the “company”), the Office of Public Counsel (“OPC” or “Citizens”), the Florida Industrial Power Users Group (“FIPUG”) and the Florida Retail Federation (“FRF”). Collectively, Tampa Electric, OPC, FIPUG and FRF shall be referred to herein as the “Parties” and the term “Party” shall be the singular form of the term “Parties.” OPC, FIPUG and FRF will be referred to herein as the “Consumer Parties.” This document shall be referred to as the “Tampa Electric Storm Cost Settlement Agreement” or the “Agreement.”

General Background

This Agreement resolves all of the issues in this Docket No. 20170271-EI and establishes for Florida Public Service Commission (“FPSC”) approval the amount of storm costs to be netted against the company’s 2018 annual federal income tax savings as contemplated in the Implementation Stipulation approved in this docket by Order No. PSC-2018-0125-PCO-EI, issued March 7, 2018.

The Implementation Stipulation memorialized the understanding and agreement of the Parties regarding the way Tampa Electric would implement paragraphs 5 (storm damage) and 9

ATTACHMENT A

(federal income tax reform) of the 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”). Paragraph 5 of the Implementation Stipulation states in part:

(a) The final amount of the company’s storm costs authorized to be recovered will be determined by the Commission in Docket No. 20170271-EI.

(b) A final determination of the impact of tax reform on Tampa Electric’s base rates and charges pursuant to the 2017 Agreement will be determined by the Commission in Docket No. 20180013-PU or a separate docket established for that purpose and dedicated to Tampa Electric.

(c) After the final determinations of the impact of tax reform and recoverable storm cost amounts have been determined, any difference will be trued up and recovered (or returned) to customers through the ECCR Clause in 2019, as contemplated in the 2017 Agreement.

The FPSC approved the 2017 Agreement by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017, in Docket Nos. 20170210-EI and 20160160-EI. The Commission determined that the annual impact of the Tax Cuts and Jobs Act of 2017 on the company’s revenue requirement was \$102.7 million by Order No. PSC-2018-0457-FOF-EI, issued September 10, 2018, in Docket No. 20180045-EI.

Case Background

This proceeding began on December 27, 2017 when Tampa Electric filed a Petition for Recovery of Costs Associated with Named Tropical Systems and Replenishment of Storm Reserve (“Initial Petition”) seeking recovery of storm costs and to replenish its storm cost reserve in the amount of \$87.4 million. Based on new information available to it, the company updated its request for storm cost recovery on January 30, 2018 by filing an Amended Petition for Recovery of Costs Associated with Named Tropical Systems and Replenishment of Storm Reserve (“Amended Petition”), therein seeking storm cost recovery in the amount of \$102,476,127.

Thereafter, the Consumer Parties, led by the Office of Public Counsel, conducted extensive discovery on the requested cost recovery reflected in the company's Amended Petition.

During discovery, the Office of Public Counsel identified and shared with the company items and categories of items that should not have been included in the company's request for cost recovery and/or for which prudence and recoverability were questionable. Examples include: (a) costs for which the underlying documentation was inadequate; (b) costs billed to the company that should have been billed to another utility; (c) meals incurred during times or at places when it appeared crews should have been working to restore service instead of dining; (d) costs associated with vendors that incurred apparently excessive mobilization and travel time and costs; and (e) items that were purchased by vendors and billed to the company that did not provide bona fide value to the company's customers and the storm restoration process. When presented with this information, the company requested a continuance of the hearing schedule in this docket so it could conduct a supplemental review of the details of all foreign crew costs included in its request for storm cost recovery ("Supplemental Review").

Tampa Electric conducted its Supplemental Review from August 2018 to January 2019. The company estimates that it took approximately 8,000 person hours, cost approximately \$330,000 for internal and external labor and involved over 60 employees from the company's accounting, corporate audit services and electric delivery departments. The Supplemental Review applied a uniform review process, used standard recoverability guidelines and covered every individual cost element reflected in each and every invoice (totaling \$77,856,061) submitted by 72 vendors – foreign or native – that directly worked to restore the company's electric system during Tropical Storms Erika and Colin, and Hurricanes Hermine, Matthew and Irma. As a result of the Supplemental Review, and in recognition of the errors and other issues brought to its

attention by the Office of Public Counsel, the company filed its Second Amended Petition on February 8, 2019, and therein reduced its request for cost recovery by \$2.3 million (“Initial Reduction”). Although the Initial Reduction was a by-product of the company’s voluntary Supplemental Review, the need for the Supplemental Review became apparent from the discovery efforts of OPC, so the \$2.3 million Initial Reduction can be fairly attributed to the efforts of the Public Counsel and substantially his entire staff, his expert witnesses/consultants and attorneys, and the other Consumer Parties.

After the company filed its Second Amended Petition, OPC resumed its discovery activities, this time regarding the request for cost recovery contained in the company’s Second Amended Petition. As part of this process, OPC sent three additional sets of written interrogatories, reviewed over 20,000 documents and spent days at the company’s headquarters reviewing documents, talking with company personnel and discussing prior and possible future storm cost restoration procedures.

Through these efforts, including the Supplemental Review, the Parties have gained considerable knowledge about utility storm restoration policies and practices, and have become well informed about their respective positions, the kinds of issues that presented themselves in the storm restoration process and the risks associated with pursuing a fully litigated resolution in this docket. The Parties have also engaged in extensive and constructive discussions focused on (a) reaching an agreement on a mutually agreeable and fair compromise regarding the amount of recoverable storm costs and (b) equally, or perhaps more importantly, developing an extensive set of improved procedures for use on future storms that will provide substantial value to the company and its customers.

With this background, the Parties have entered into this Tampa Electric Storm Cost Settlement Agreement in compromise of positions taken or that could have been taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties, in which each Party has agreed to concessions to the others with the expectation, intent, and understanding that all provisions of this Agreement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to all Parties.

NOW, THEREFORE, in light of the mutual covenants of the Parties and the benefits accruing to all Parties through this Storm Cost Recovery Settlement Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The foregoing “General Background” and “Case Background” sections of this document are fully incorporated in and a part of this Agreement. The Agreement will become effective when approved by the Commission, a final order has been issued and the final order becomes unappealable (“Implementation Date”).

Storm Cost Recovery Amount

2. The company’s original proposed Recoverable Storm cost amount of \$102,476,127 (jurisdictional) as contained in its Amended Petition and as revised in its Second Amended Petition to \$98,982,984 (jurisdictional) shall be reduced by a total of \$7,725,098 (“Additional Reduction”), such that the total amount to be recovered from customers for the named storms in the Second Amended Petition shall be \$91,257,886 (“Reduced Recoverable Storm Amount”). Together, the Initial Reduction and Additional Reduction represent a total reduction for customers of \$10,025,098 from the Amended Petition.

3. A portion of the Additional Reduction totaling \$6.0 million will be reclassified as capital and added to Tampa Electric's retail Electric Plant in Service balance in Account 364 – Poles, Towers and Fixtures (vintage year 2017) for all surveillance and future rate setting purposes. OPC and the other Parties agree not to dispute the reasonableness or prudence of this additional \$6.0 million of capital in any future rate proceeding.

4. The remaining \$1,725,098 of the Additional Reduction shall be reclassified the month following the Implementation Date as a regulatory deferred debit and represents non-specific reductions related to incremental internal labor (\$650,000) and foreign contractor costs (\$1,075,098). The company shall eliminate the deferred debit and charge base rate O&M expense for \$1,725,098 prior to the filing of its next general base rate case proceeding.

5. Based on the annual tax savings amount established in Docket No. 20180045-EI, and the Reduced Recoverable Amount specified above, Tampa Electric will refund to customers \$11,500,000 as a one-time bill credit reflected as a separate line item on the customers' bills utilizing the cost allocation principles used in the Energy Conservation Cost Recovery (ECCR) clause and calculated based upon Tampa Electric's billing determinants used in the company's most-current ECCR Clause filings with the Commission. This one-time bill credit will be reflected on customers' bills concurrently with meter readings for the first billing cycle of January 2020.¹

6. The way the dollar amounts for the Initial Reduction, Additional Reduction and the Reduced Recoverable Storm Amounts were developed will not have any precedential value.

¹ This approach to refunding the net difference between the mutually agreed recoverable storm cost amount and the annual impact of tax reform constitutes a change from the procedure specified in the Implementation Stipulation. Although it is not a party to this docket or this Agreement, the Federal Executive Agencies has represented to Tampa Electric and OPC that it agrees to the change. Tampa Electric and OPC have consulted with counsel for the WCF Hospital Utility Association ("HUA") and were asked to represent that HUA did not participate in the negotiation of the Settlement Agreement and takes no position on it or the change. Consequently, all of the parties to the Implementation Stipulation either affirmatively agree to the change or take no position. In any event, since this change will give consumers the benefit of the tax savings-storm cost true up earlier than contemplated in the Implementation Stipulation, consumers will not be harmed or substantially affected in a negative way by the change.

Future Process Improvements

7. In recognition of the evidence gathered and the adjustments described in paragraphs 2 through 4, above, the Parties have further agreed to a set of principles and mutually agreeable process changes intended to allow cost effective and timely storm damage recovery and service restoration that reasonably balances the customers' right to have service promptly restored with the customers' equal right not to pay excessive or improper costs to achieve that restoration.

8. The process changes generally described in the previous paragraph are more fully specified in Exhibit One to this Agreement, which is hereby incorporated herein by reference. Beginning on the Implementation Date, the company will make a good faith effort to implement as many of the new processes and procedures reflected in Exhibit One for the 2019 hurricane season as possible and will fully implement the processes and procedures for the 2020 hurricane season. The policies and procedures reflected in Exhibit One will remain in effect until amended by agreement of the Parties to this Tampa Electric Storm Cost Settlement or superseded by action of the FPSC applicable to Tampa Electric. The Parties will meet to evaluate the policies and procedures in Exhibit One and consider the need to amend them during the first quarter of 2021 and every two years thereafter.

Other Provisions

9. The provisions of this Agreement are contingent upon approval of this Agreement by the Commission in its entirety without modification. The Parties agree that approval of the Agreement is in the public interest. The Parties will support approval of the Agreement and will not request or support any order, relief, outcome or result in conflict with it. No Party to the Agreement will request, support or seek to impose a change to any provision of the Agreement without the agreement of the other Parties. Approval of the Agreement in its entirety will resolve

all matters and issues in this docket. This docket will be closed effective on the date that the Commission Order approving this Agreement is final, and no Party shall seek appellate review of any order issued in this docket.

10. Except as explained in paragraph 5 and footnote 1, the resolutions contained herein are consistent with the applicable terms of the 2017 Agreement and the Implementation Stipulation. Except for any conflict regarding the method of making the tax savings-storm cost true up refund, which will be controlled by this Agreement, if any conflict between the terms of this Agreement, the 2017 Agreement and the Implementation Stipulation arise, the terms of the 2017 Agreement and Implementation Stipulation shall control.

11. This Agreement may be executed in counterpart originals, and a scanned pdf copy of an original signature will be deemed an original. Any principal or entity that executes, or causes to be executed, a signature page to this Agreement will be deemed and become a Party with the full range of rights, obligations, and responsibilities provide hereunder, notwithstanding that such principal or entity is not listed in the first recital above or executes the signature page subsequent to the date of this Agreement. It is expressly understood that the addition of any such additional Party(ies) will not disturb or diminish the benefits of the Agreement to any current Party.

12. The Parties agree that the following materials shall be admitted without cross-examination or objection into the evidentiary record in this docket to support this Agreement: (a) the non-confidential discovery answers and responses provided to the Parties in this docket; (b) the pre-filed testimony filed by the company on February 8, 2019; and (c) the confidential version of the transcript and exhibits of the Confidential Deposition Duces Tecum of Wesley Caldwell taken on August 8 and 9, 2018 (“Caldwell Deposition”). None of the Parties will contest or oppose

the request for confidential classification filed by Tampa Electric covering the Caldwell Deposition.

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Exhibit One

STORM RESTORATION COST PROCESS IMPROVEMENTS

[Where Items I. A.- I. contain policies (and expectations) that are to be communicated to vendors through inclusion in the engagement documentation (*i.e.* the documentation which is to be transmitted to a vendor immediately after it has agreed to perform storm restoration work for the Company), an asterisk (*) is placed in front of each applicable term. Additional specific guidance or reinforcement may be contained in individual policy statements.]

I. Contracting And Vendor Engagement, Travel And Work Policies

- A. Contracting Policy. The Company will (for damage assessment, line clearing and repair work) make a good-faith effort to contract and establish major terms and conditions with independent vendors who have non-embedded crews. Where applicable, the terms and conditions should reflect the procedures, policies and expectations outlined under **I. A** through **I**. An embedded crew provides storm restoration services and also performs similar or additional types of services for the Company in non-storm-restoration (non-emergency) conditions on a year-round basis. A non-embedded crew does not provide similar or additional types of services for the Company in non-storm-restoration (non-emergency) conditions on a year-round basis.
- B. *Billing Start Point Policy. The Company will establish a policy that vendor billing should begin at the point crews mobilize after acquisition. The term “mobilize” does not include the time or activity associated with crew members traveling to the point of travel departure, but may include reasonable and prudent time and activity associated with stocking supplies and making vehicles ready to travel. Any exceptions to this requirement will be documented.
- C. *Travel Time Billing Policy. The Company will establish a policy and use its best efforts to ensure that contracts with vendors include terms and conditions designed to limit compensation for travel time to the actual time traveled, with no minimum hours, and to require documentation of any exceptions to the policy and the reason therefor. For safety, timing, and logistics purposes, Company will request an electronic version of the proposed route that will be taken.
- D. *Pace of Travel Guidance Policy. The Company will establish a policy for invoice review and storm filing documentation purposes that it expects distribution vendor crews that bill for 12 or more hours of travel in a day to travel 500 miles per day and it will require explanations sufficient to explain the degree of divergence from the expected travel distance.

- E. *GPS Tracking Capability Policy. The Company will establish a policy that GPS tracking of vendor crews using ARCOS or a similar application will be required of vendors where reasonably practicable and GPS tracking will be utilized to the maximum extent possible. The mandatory nature of this requirement will be communicated in the engagement documentation. Any exceptions to this requirement will be documented.
- F. *Anti-Poaching Policy. The Company declares that, on an informed basis, it does not, and will not, “poach” vendors or vendor crews who are committed to another utility or are part of another utility’s mutual aid allocation without the consent of the other utility. The Company will use its best efforts to communicate with Florida utilities regarding the engagement and the release of vendors. The standardized engagement documentation will communicate that the Company expects that vendors will communicate honestly with other utilities about any prior engagement to provide assistance to decrease the opportunity for “poaching.”
- G. *Daily Time Sheet Review and Documentation Policy. The Company will require, review, verify, and approve the daily time sheets for all applicable vendor crews (*i.e.*, other than those of an investor-owned utility (“IOU”) allocated through a mutual assistance organization) and will maintain documentation of the Company’s approval and any exceptions noted by the Company. Electronic interfacing for time sheet review and approval will be utilized by vendors where reasonably practicable, and a spreadsheet template will be made available to all contractors to facilitate consistent application to the maximum extent possible.
- H. *16 Hour Work/8 Hour Rest Policy. The Company will establish a policy (and use its best efforts to ensure that contracts with vendors include necessary terms and conditions) to limit work time to 16 hours on, with 8 hours of rest, with no minimum hours, including the avoidance of double-time billing through efficient management of prior day’s work time and/or current day’s end of rest time/start time. The Company will document any exceptions if it is unable to include such provisions in its contract (in accordance with I. A.), and the reasons therefor. The Company will also document exceptions to the policy, if any, in the implementation of the policy, and the reasons therefor. The expectations in this policy will be communicated in the engagement documentation provided to all vendors.
- I. *Meal and Fuel Policy. The Company will establish a policy for all vendors that all meals and fueling after vendor crews are on-boarded will occur at or be provided by the base camp; exceptions to this policy should be rare and all exceptions must be documented. Any authorized exception where meals are eaten off-site will not be

reimbursed if they exceed a reasonable and customary amount. This Company policy will also include an expectation that no vendor crews will eat sit down meals outside the base camp or will purchase fuel off-site during working hours. The Company will establish a policy that vendor crews receiving meal stipends are expected to eat or receive all meals at or by the base camp once on-boarded. Time related to any unauthorized meals will not be paid. A sit-down meal is defined as a meal served in a restaurant where the crew park and leave their vehicles, enter the restaurant and sit down for a meal served by a server, and the meal is eaten inside the restaurant. The policies in I.I will be communicated to all vendors through the standard engagement documentation and, where possible, spelled out in the terms and conditions

- J. *Mutual Assistance Group Advocacy Commitments*. The Company will use reasonable best efforts to recommend to Southeastern Electric Exchange (“SEE”) and/or Edison Electric Institute (“EEI”) and advocate for/achieve changes to mutual aid IOU and vendor policies that are inconsistent with the receiving utility’s company policies. In discussions with SEE and/or EEI, the Company will encourage SEE to establish policies to eliminate billing for management double-time and mandatory meal stipends, and to establish standardized meal policies (reasonable *per diem*, if any). The Company will update the consumer parties annually in writing as to the status of this item.

II. Cost Documentation, Auditing and Regulatory Recovery Process

- A. *Storm Cost Documentation*. The Company will provide, for each named tropical storm, supporting documentation which includes binders (files) segregated by vendor with summaries and invoices, time sheets, etc., as follows:
- Summary identifying vendor, any reference number associated with discreet vendor crews, billing and point of origin location, distance to travel, assumed travel days, dates secured, date started travel, date arrived, date released, time released, released to whom and, if vendor travels home, the date arrived at home.
 - Contractor review showing the results of the Company’s internal review that contains the detail listed on a Storm Audit Narrative, including all exceptions documented pursuant to **I.A.** through **I.**
 - Summary of expenses in a format that shows total billing (all invoices are listed separately).
 - Filings will be very similar in organization, showing cost by storm and by cost category, including but not limited to Regular Payroll, Overtime Payroll, Payroll Overheads, Contractors Cost for line restoration, Line Clearing Contractor costs, Logistics, Materials & Supplies, Other.

The Company will provide the information outlined above in a format that comports with the Company's record keeping and accounting practices on the timeline discussed below. Testimony will be filed after any required independent audit is concluded.

B. Initial Audit Required. The Company will engage an independent outside audit firm to conduct an audit of the Company's presentation of recoverable costs of the first named-storm for which claimed damages exceed at least 50% of its full authorized storm reserve amount or \$40 million, whichever is greater. The purpose, scope and activities of this audit will include, at a minimum, the following:

(1) Audit Purpose and Scope

- (a) The purpose of the audit is to validate that any and all storm costs paid were allowable, legitimate, accurate, incurred within the appropriate time period, adequately and completely supported, and properly approved, ensuring that only actual and approved storm costs are recovered in customer rates.
- (b) The scope of the audit should be sufficient to enable the auditor to evaluate the adequacy and effectiveness of the Company's internal controls (or processes) governing the vendor procurement process, including (1) complete rate agreement, (2) invoice/billing payment review process, and (3) the approval/denial/resolution process, including but not limited to, the Company's payment approval logic for reasonableness, allowability and compliance with contract terms.

(2) Audit Activities should include:

- (a) Interviews with key personnel
- (b) Review of operating policies and procedures
- (c) Review of relevant documents, such as executed contracts, labor and equipment rates, established work day hours, over time and double time criteria, and vendor employee rosters
- (d) Comparisons between vendor employee rosters and approved timesheets, and expense receipts (hotel, fuel or meal)
- (e) Inspection and comparison of paid invoices to submitted expense receipts, submitted timesheets
- (f) Recalculation and reconciliation of paid invoices
- (g) Reconciliation of paid invoices with overall vendor invoice summaries or utility expense recap documents

- C. Provision of Supporting Documentation. All supporting documentation referenced under **II. A** will be provided to Interveners in response to an agreed, standardized discovery request shortly after the filing of testimony.
- D. Cost recovery for initial process implementation. For the first qualifying storm described under **II. B**, the Consumer Parties will not object to and will support the Company recovering the start-up costs for the new procedures required under these processes (e.g. audit costs, base rate payroll for employees needed to implement the process).
- E. Incremental cost methodology. The Company will provide in its testimony full details as to how incremental and non-incremental costs were determined in accordance with the Incremental Cost Methodology Addendum below and Rule 25-6.0143, F.A.C. The Consumer Parties agree that the methodology explained below is a reasonable approach to identifying incremental storm costs as that concept is used in the rule.

Incremental Cost Methodology Addendum

- Base Payroll:
 - Affiliate employees: Charge time to the storm reserve charge codes. Then remove the difference between the actual and the 3-year historical average Affiliate base payroll dollars charged to IOU total Operation and Maintenance expense (“O&M”) for the month(s) of the activities directly related to the storm in the absence of a storm. This is the non-incremental portion.
 - IOU employees in Transmission and Distribution (“T & D”): Charge all time to the storm reserve charge codes. For each T & D function, remove the difference between the actual and the 3-year historical average functional O&M base payroll dollars for the month(s) of the activities directly related to the storm in the absence of a storm. This is the non-incremental portion.
 - IOU employees not in T & D and not clause recoverable: Charge all base payroll time to normal charge codes as non-incremental.
 - IOU employees who are clause recoverable: Charge all base payroll time to the storm reserve charge codes. This amount is incremental and recoverable.
 - The costs attributed to the new processes agreed to by the parties will be treated the same as the “IOU employees who are clause recoverable” bullet above for the first storm these processes are in place, and thereafter will be treated the same as the “IOU employees not in T&D and not clause recoverable” bullet above.

- Overtime (OT):
 - All IOU and Affiliate employees on storm duty charge OT to storm reserve charge codes.
 - Remove the difference between the actual and the 3-year historical average total IOU OT (including Affiliate OT charged to the IOU) for the month(s) of the activities directly related to the storm in the absence of a storm. This is the non-incremental portion.

- Burdens:
 - Labor burdens follow base and OT payroll charge codes. Follow the same procedures as base and OT payroll above.

- Exempt Supplemental Compensation (ESC):
 - All ESC associated with storm duty for employees who are eligible for overtime is charged to the storm reserve charge codes and is incremental recoverable.

- T & D Non-Vegetation Management Contractor Costs:
 - Non-native contractors: Charge all invoices to storm reserve charge codes as incremental recoverable.
 - Native contractors: Charge all time to storm reserve charge codes. For each T & D function, remove the difference between the actual and the 3-year historical average native contractor O&M costs for the month(s) of the activities directly related to the storm plus the month(s) following the storm in the absence of a storm. This is the non-incremental portion.

- T & D Vegetation Management Costs:
 - Charge all native and non-native vegetation contractor costs to the storm reserve charge codes.
 - For each T & D function, remove the difference between the actual and the 3-year historical average of vegetation management costs for the month(s) of the activities directly related to the storm plus the month(s) following the storm in the absence of a storm. This is the non-incremental portion.

- Capitalized Costs:
 - Use a combined simple average of hourly foreign and native contractor costs to determine amounts to capitalize to plant, property and equipment along with the materials and other cost of equipment.
 - IOUs will be authorized to defer the depreciation expense impact on 40% of the total capitalized amount as a regulatory asset until the next rate case or settlement, and then will amortize and recover said regulatory asset over a 4 year period.

Notes:

The term “IOU” (investor owned utility) is the same as Company and is used here to distinguish the operating regulated company from any affiliate.

To the extent that the three year period referenced above in this Addendum includes a rate case or settlement test period, the approved rate case or settlement test period data for that year will be used in lieu of the actuals for that year that would otherwise be used in setting the 3-year average, and the other two years will be based on the actual results for those years.

The Company will include workpapers and journal entries that support the above calculations as part of its data request responses.

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DATED this 9th day of April, 2019.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Tampa Electric Storm Cost Recovery Agreement by their signature(s):

Tampa Electric Company
702 N. Franklin Street
Tampa, FL 33601

By 
Nancy Tower, President

Signature Page to Tampa Electric Storm Cost Settlement Agreement

Office of Public Counsel
J. R. Kelly, Esquire
Public Counsel
Charles Rehwinkel, Esquire
Deputy Public Counsel
Patricia A. Christensen
Associate Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

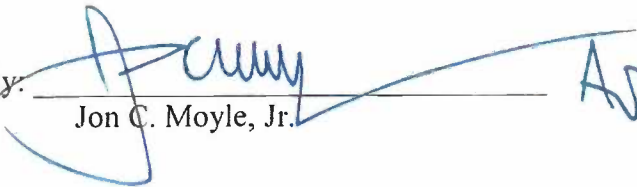
By: _____

J.R. Kelly



Signature Page to Tampa Electric Storm Cost Settlement Agreement

The Florida Industrial Power Users Group
Jon C. Moyle, Jr., Esquire
Moyle Law Firm
The Perkins House
118 North Gadsden Street
Tallahassee, FL 32301

By:  April 9, 2019
Jon C. Moyle, Jr.

Signature Page to Tampa Electric Storm Cost Settlement Agreement

Florida Retail Federation
Robert Scheffel Wright
Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

By: 
Robert Scheffel Wright