



January 13, 2026

VIA ELECTRONIC FILING

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

Re: Docket 20240172-El - Petition for Recovery of Costs Associated with named Tropical Systems during the 2023 and 2024 Hurricane Seasons and Replenishment of Storm Reserve by Tampa Electric Company

Dear Mr. Teitzman:

Attached for filing on behalf of Tampa Electric Company is PricewaterhouseCoopers' examination report regarding Tampa Electric Company's Hurricane Milton storm restoration costs.

Tampa Electric completed this examination to comply with the Joint Stipulations between the company and the Office of Public Counsel filed in this docket on August 13, 2025. See DN 07878-2025. Tampa Electric is providing a copy of this letter and the attached report to the Office of Public Counsel and Commission Staff and requests that they review the report so the company, the Office of Public Counsel, and Commission Staff can coordinate on the next steps to be taken in this docket.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads "Malcolm N. Means".

Malcolm N. Means

MNM/dk
Attachment

cc: Major Thompson, Senior Attorney, FPSC
TECO Regulatory



Report of Independent Accountants

To the Management of Tampa Electric Company

We have examined the accompanying management assertion of Tampa Electric Company (Tampa Electric) that (i) the accompanying Summary of Hurricane Milton Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs recognized as of October 31, 2025 for costs incurred for the period from October 6, 2024 through January 5, 2025 based on the criteria described in Notes 1 and 2 and (ii) appropriate documentation to support the accompanying Summary of Hurricane Milton Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Milton Incremental Storm Restoration costs have been established and maintained, based on the criteria described in Notes 3 and 4, respectively. Tampa Electric's management is responsible for the assertion. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. In performing our examination, consistent with the Tampa Electric Storm Cost Settlement Agreement filed on April 9, 2019 (Docket No. 20170271-EI), our examination procedures included the following activities:

- a) Interviewed key personnel
- b) Reviewed operating policies and procedures
- c) Reviewed relevant documents, such as executed contracts, labor and equipment rates
- d) Compared vendor employee rosters to approved timesheets and expense receipts
- e) Inspected and compared paid invoices to submitted expense receipts and timesheets
- f) Recalculated and reconciled paid invoices with overall vendor invoice summaries

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Management's assertion and our examination procedures were limited to evaluating the accuracy of the information presented in the Summary of Hurricane Milton Incremental Storm Restoration Costs and did not consider the completeness of the information presented in the Summary of Hurricane Milton Incremental Storm Restoration Costs.

The supplemental information to the Summary of Hurricane Milton Incremental Storm Restoration Costs, included on page 8, has been presented by Tampa Electric for additional analysis. Tampa Electric's filing on Document No. 10371-2024 was not part of our examination engagement, and accordingly, we do not express an opinion or provide any assurance on Tampa Electric's filing on Document No. 10371-2024 or the supplemental information.

In our opinion, management's assertion is fairly stated in all material respects.

New York, New York
December 22, 2025

Management Assertion on the Summary of Hurricane Milton Incremental Storm Restoration Costs

Management of Tampa Electric Company (“Tampa Electric” or the “Company”) asserts that the accompanying Summary of Hurricane Milton Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs recognized as of October 31, 2025 for costs incurred for the period from October 6, 2024 through January 5, 2025 based on the criteria described in Notes 1 and 2.

Management also asserts that appropriate documentation to support the accompanying Summary of Hurricane Milton Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Milton Incremental Storm Restoration Costs have been established and maintained, based on the criteria described in Notes 3 and 4, respectively.

Tampa Electric Company

Summary of Hurricane Milton Incremental Storm Restoration Costs

As of October 31, 2025 for Costs Incurred for the period from October 6, 2024 through January 5, 2025

Type	Settled in Cash	Imputed	Accrued for Future Payment	Total Incremental Storm Restoration Costs
A Payroll	\$ 15,067,554	\$ -	\$ -	\$ 15,067,554
B Contractor Labor	98,908	-	-	98,908
C Base Camps	41,349,958	-	-	41,349,958
D Foreign and Native Crews	206,383,928	-	57,100,000	263,483,928
E Equipment Rentals	289,934	-	-	289,934
F Miscellaneous and Logistic Services	6,613,272	-	-	6,613,272
G Fuel	5,963,839	-	-	5,963,839
H Interest Income	-	14,138,358	-	14,138,358
Total Incremental Storm Restoration Costs	\$ 275,767,393	\$ 14,138,358	\$ 57,100,000	\$ 347,005,751

The accompanying notes are an integral part of this Summary of Hurricane Milton Incremental Storm Restoration Costs.

Tampa Electric Company

Notes to the Summary of Hurricane Milton Incremental Storm Restoration Costs

As of October 31, 2025 for Costs Incurred for the period from October 6, 2024 through January 5, 2025

1. Background

Tampa Electric Company (“Tampa Electric” or the “Company”) is a public utility providing electric service to over 850,000 customers in West Central Florida. Tampa Electric is an indirect, wholly owned subsidiary of Emera Inc., a public energy holding company.

In October 2024, Hurricane Milton struck the Company’s service territory, severely damaging parts of the electrical system and causing power outages. Customer interruptions peaked at approximately 600,000. The accompanying Summary of Hurricane Milton Incremental Storm Restoration Costs includes the total incremental storm restoration costs recognized as of October 31, 2025 for costs incurred for the period from October 6, 2024 through January 5, 2025 to repair Tampa Electric’s electrical system as a direct result of the effects of Hurricane Milton.

For purposes of this assertion, incurred costs are those for which (A) employees have delivered a service for which base pay, overtime, and labor burdens have been paid, (B-G) vendors have delivered a service for which an amount has been paid or is owed to the vendor, or (H) carrying charges for amounts recognized for A through G, calculated using the monthly average of the 30-day commercial paper rate for AA entities.

Accounting Policies & Regulation

The Company’s accounting policies conform to generally accepted accounting principles in the United States of America (US GAAP), including the accounting principles for rate-regulated entities and are in accordance with the accounting requirements and ratemaking practices of the applicable regulatory authorities of the Florida Public Service Commission (FPSC) including the Tampa Electric Storm Cost Settlement Agreement filed on April 9, 2019 (Docket No. 20170271-El) (hereinafter referred to as the “2019 Storm Cost Settlement Agreement”) and the Florida Administrative Code (FAC) rule 25-6.0143. Tampa Electric’s operations are subject to regulation by the Federal Energy Regulatory Commission (FERC) and Tampa Electric’s retail operations are also subject to regulation by the FPSC.

2. Cost Identification and Basis of Preparation

On June 14, 2019, the FPSC issued an order approving the settlement agreement for the recovery of storm restoration costs associated with the 2015, 2016 and 2017 hurricane seasons and ordering an “incremental cost methodology” and “process improvements” designed to reduce the number of disputes regarding storm restoration costs in the future (the 2019 Storm Cost Settlement Agreement). The cost methodology and process improvements related to incremental storm restoration costs recognized as of October 31, 2025 for costs incurred for the period from October 6, 2024 through January 5, 2025 include the following:

- A. **Payroll** represents labor costs (base pay, overtime, and labor burdens) incurred by employees of Tampa Electric or employees of affiliate entities of Tampa Electric for time spent related to storm restoration activities. Payroll costs were evaluated on a monthly

basis and only those actual labor costs charged to storm reserve project work orders (i.e., charge codes) that were (a) comprised of (i) base pay plus overtime and labor burdens for transmission & distribution (T&D) employees of Tampa Electric, other employees of Tampa Electric whose cost would otherwise have been recovered via existing regulatory mechanisms (“clause recoverable employees”) and employees of affiliate entities of Tampa Electric and (ii) overtime only and labor burdens for all other employees of Tampa Electric (not covered by (a) (i)), and (b) greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the Incremental Cost and Capitalization Approach (ICCA) methodology set forth in FAC 25-6.0143*.

- B. **Contractor labor** represents labor costs (base pay, overtime) incurred for time spent by third party contractors hired for storm restoration activities. Contractor labor costs were evaluated on a monthly basis and only those actual contractor labor costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*. Contractors are third party vendors providing contract services in the utility industry.
- C. **Base camps** represent third party vendor costs incurred related to providing staging areas for employees of Tampa Electric, employees of affiliate entities of Tampa Electric, and contractors at locations throughout the service territory in which Tampa Electric provided storm restoration services to customers.
- D. **Foreign and native crews** represent third party vendor costs incurred for vegetation management and other T&D (utility field) services related to storm restoration activities. Costs incurred for vegetation management were evaluated on a monthly basis and only those actual vegetation management costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense (excluding vegetation management costs recovered through existing regulatory mechanisms) three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*. Approximately \$57.1 million of such costs incurred remain unpaid as of October 31, 2025. For purposes of this assertion, foreign and native crews are employees from out-of-state or other Florida based utility providers that are not employees of Tampa Electric or its affiliate entities (A) or third party contractors (B).
- E. **Equipment rentals** represent third party vendor costs incurred for equipment, such as helicopters, cars, trucks, and trailers that were rented to support storm restoration activities.
- F. **Miscellaneous and logistic services** represent vendor costs not captured under base camps, foreign and native crew, and equipment rentals and represents costs incurred related to base camp or incident base set-up and logistic service needs. Examples of these costs include catering, hotel stays, security, and laundry.
- G. **Fuel** represents third party vendor costs incurred for fuel provided at base camps by way of fueling trucks, and miscellaneous fuel costs related to storm restoration activities. Fuel costs were evaluated on a monthly basis and only those actual fuel costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*.
- H. **Interest income** represents the carrying charges for amounts recognized that is calculated by the Company when the storm reserve balance, for all storm costs accounted for in accordance with the 2019 Storm Cost Settlement Agreement, is in an asset position.

**Under the ICCA methodology set forth in FAC 25-6.0143, additional internal and contract labor hired (or related costs) and fuel costs for storm restoration activities (i.e., transmission and distribution (T&D) utility field activities) (including vegetation management) were only charged to the storm reserve project work orders when greater than the actual monthly average of internal and contract labor (or related) costs and fuel costs, respectively, charged to operation and maintenance expense for the same month in the three previous calendar years. The three-year average was based on calendar years 2021-2023. As permitted by FAC 25-6.0143, and as applicable, management adjusted the historical monthly internal and contract labor (or related) costs and fuel costs charged to operation and maintenance expense from calculated monthly averages. Each adjustment was properly documented, including a detailed explanation of the nature and derivation of the adjustment.*

3. Documentation and Internal Controls

Storm Cost Documentation

For purposes of this assertion, “appropriate documentation to support the accompanying Summary of Hurricane Milton Incremental Storm Restoration Costs has been prepared” means the following:

- i. For type A in Note 2, a labor analysis workpaper, which summarized the payroll costs presented in the Summary, including the inputs used to calculate the actual labor costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- ii. For type D in Note 2, reconciliation files by third party vendor, which included 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.
- iii. For type D in Note 2, a vegetation management analysis workpaper, which summarized the vegetation management costs presented in the Summary, including the inputs used to calculate the actual vegetation management costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- iv. For third party services and out-of-pocket costs incurred in connection with types B through G in Note 2, a summary in a format that shows total billing (all costs incurred are listed separately).
- v. For type G in Note 2, a fuel analysis workpaper, which summarized the fuel costs presented in the Summary, including the inputs used to calculate the actual fuel costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- vi. For type H in Note 2, an electronic file with the calculation of interest income which included screenshots to support the storm reserve balance on the Company’s general ledger at the end of each month for the period from September 2024 (post Hurricane Helene) to October 2025, and the short-term debt rate imputed using publicly-available data.
- vii. The Company’s request and collection of support obtained for invoice payment was not limited to a pre-established materiality threshold therefore for types B through G in Note 2, storm restoration costs approved for payment are supported by the items described in 2) and 3) in Note 3.

Internal Controls

For purposes of this assertion, “internal controls over the Summary of Hurricane Milton Incremental Storm Restoration Costs have been established and maintained” means the following:

Control objective

To ensure that storm restoration costs incurred and included in the Company’s Summary of Hurricane Milton Incremental Storm Restoration Costs are accurate and meet the criteria necessary for recovery under the 2019 Storm Cost Settlement Agreement.

Control activities

- 1) For the analysis workpapers described in i., iii, and v. in Note 3, an individual other than the preparer of the analysis reviewed the analysis and documented their approval of the analysis.
- 2) For each foreign and native crew third party vendor (type D in Note 2), described in ii. in Note 3, the Company prepared a storm audit narrative, summarizing the services provided by the third party vendor and the Company’s conclusions with respect to the accuracy of such costs, including but not limited to, the Company’s review for reasonableness, allowability and compliance with contract terms.
- 3) For each third party vendor invoice described in ii., iv. and vii. in Note 3, an individual other than the preparer of the storm restoration costs approval documentation reviewed the invoice, supporting documentation, and where applicable, the storm audit narrative.
- 4) For carrying charges calculated based on the amount deferred as an asset, described in vi. in Note 3, an individual other than the preparer of the calculation reviewed the calculation and documented their approval of the calculation each month.
- 5) For the Summary of Hurricane Milton Incremental Storm Restoration Costs, the numerical schedules and accompanying notes have been reviewed and approved by the Company’s Finance Vice President.
- 6) The Company prepared an analysis workpaper of T&D capitalized costs and compared it to the combined three-year average of T&D capitalized costs normally incurred in the absence of a storm for the same month considering the 2019 Storm Cost Settlement Agreement. The analysis was prepared to infer whether the storm reserve project work orders improperly included amounts that, in the absence of a storm, would have been capitalized to property, plant and equipment. For the T&D capitalized cost analysis workpaper, an individual other than the preparer of the analysis reviewed the analysis and documented their approval of the analysis.

Tampa Electric Company

Supplemental information to the Summary of Hurricane Milton Incremental Storm Restoration Costs
(unaudited – not part of the examination engagement)

As of October 31, 2025 for Costs Incurred for the period from October 6, 2024 through January 5, 2025

The supplemental information to the Summary of Hurricane Milton Incremental Storm Restoration Costs is a rollforward of the incremental storm restoration costs recognized as of November 30, 2024 (the date for the figures contained in the Company's original filing with the FPSC) to October 31, 2025 for costs incurred for the period from October 6, 2024 through January 5, 2025 plus recoverable costs recognized for costs incurred subsequent to January 5, 2025 related to the third party examination of the Summary of Hurricane Milton Incremental Storm Restoration Costs.

	Incremental Storm Restoration Costs	Settled in Cash	Accrued for Future Payment or Imputed
Recognized as of November 30, 2024 (presented in Document No. 10371-2024)	372,135,483	19,416,139	352,719,344
<u>Adjustments subsequent to Document No. 10371-2024:</u>			
Accrual/Payment Changes:			
Payroll	611,872	611,872	-
Base Camps	(2,851,983)	41,148,017	(44,000,000)
Foreign and Native Crews	(26,126,147)	206,473,853	(232,600,000)
Miscellaneous & Logistic Services	(2,526,142)	2,168,858	(4,695,000)
Fuel	4,848,654	5,948,654	(1,100,000)
Interest Income	914,014		914,014
	(25,129,733)	256,351,254	(281,480,986)
Recognized as of October 31, 2025 (presented in Management's Assertion)	347,005,751	275,767,393	71,238,358
Third Party Examination Costs	350,000	-	350,000
To be Recognized as of December 31, 2025	347,355,751	275,767,393	71,588,358

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Examination Report, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 13th day of January 2026 to the following:

Major Thompson
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
jimig@psc.state.fl.us
aharper@psc.state.fl.us
sfarooqi@psc.state.fl.us
discovery-gcl@psc.state.fl.us

Walter Trierweiler
Charles Rehwinkel
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
Trierweiler.Walt@leg.state.fl.us
Rehwinkel.charles@leg.state.fl.us

Malcolm N. Means
ATTORNEY