A HAPPY ENDING TO THE 'COST-RECOVERY NIGHTMARE'

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- East Coast co-op manager

CHALLENGE:

- Recovering storm restoration costs is extremely time-consuming for investor-owned utilities, municipalities, and cooperatives.

SOLUTION:

- Utility professionals used a mix of ARCOS Crew Manager, Resource Assist, and Damage Assessment to accurately report on the way resources were used, and verify invoices and stamp actions by day and time.

RESULTS:

- Utilities saved anywhere from hundreds of thousands to millions of dollars, with some predicting their future storm recovery process time will be cut in half.

After Hurricane Irma made landfall in the Florida Keys in September 2017, some U.S. utilities were still working a year later to tabulate and track crew data for cost-recovery reports tied to the restoration. In Florida, more than six million customers were initially without power. Nearly every affected locale had to make a Herculean effort to restore service. For instance, to reconnect members across its southwestern Florida territory, Lee County Electric Cooperative called out a mix of its linemen as well as local and out-of-state contractors and tree resources totaling more than 600 people, about 20 times greater than the number of LCEC linemen regularly on staff.

Major events like Irma aren't the only situations that make recovering restoration costs tremendously time-consuming for investor-owned utilities, municipalities and cooperatives. Smaller, but widespread, damaging events also cause a heavy lift for utility managers because documenting restoration resources (e.g., contract crews, transformers, poles, fuse links, insulators, food, fuel, lodging) is a largely manual job of collecting data to compose a carefully worded narrative.

For example, to be eligible for reimbursements from the U.S. Federal Emergency Management Agency, FEMA stipulates, among other things, that utilities must adequately document requests. One East Coast electric co-operative interviewed about its FEMA experience said "the cost-recovery nightmare" begins with managers gathering paperwork to adequately document the deployment and use of resources to fix damage at the level of a county.

"I don't know a utility that isn't struggling with this," said the East Coast co-op manager when asked if his experience was an isolated one.

A CLAIM IS A CLAIM

Capturing data about the number and make-up of crews, the nature of their work and how long their activities lasted is a linchpin for supporting a utility's cost-recovery claim. Whether a utility is a cooperative, IOU or part of a municipality, managers are generally capturing the same data. For instance, a co-op would submit that data to FEMA because cooperatives don't maintain insurance on, say, plant equipment. An IOU will have a private carrier to which managers will submit data such as crew counts, amount and type of equipment damaged (and replaced) as well as the number of hours crews worked. For a municipal utility, managers must answer to taxpayers and capture restoration data not unlike the information gathered by co-ops and IOUs. For example, a municipal utility might spend $5 million on a restoration effort, and managers would have to adequately document that outlay and present it to a legal authority if they wanted to get approval for rate relief via a one-time rider.

Government agencies, regulators and utilities want a precise account of what it takes to restore service after a storm, especially a major event. Utility executives look at the impact of restoration on their balance sheet. Regulators want justification for rate relief. And storm managers want to eliminate guesswork and improve the speed and accuracy with which they request crews, equipment and material.

Imagine a well-documented, minute-by-minute account of the crews, resources (e.g., lodging, food and fuel) and equipment tapped for restoration and delivered electronically to whomever requires the data. That kind of information would streamline cost recovery and create a systematic way for storm managers to request, manage, track and release external resources.

arcos®

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SOLUTIONS FOR ELECTRONICALLY VALIDATING COST-RECOVERY DATA

Utilities are tapping solutions like ARCOS Crew Manager® and Resource Assist™ to automate the manual processes linked to recovering restoration costs. Crew Manager creates a central database for utilities to rapidly position crews, contractors and mutual assistance crews. Using Crew Manager's logistics features, storm managers can safely speed up restoration and accurately watch costs by tracking internal and external crews' lodging, meals, staging areas, equipment and vehicles. Resource Assist bridges the gap between utilities and their contractors. As a utility plans for a forecasted storm or other major event, managers can use Resource Assist to request the desired number of crew types and confirm their availability with a few keystrokes. Contractors respond to utility requests via their own portal within Resource Assist. Contractors can view their resources, respond to utility requests, input information about their crews, pre-build their crews and even swap crew members in the event a worker with a particular skill is needed elsewhere or becomes sick. Any changes contractors make become immediate updates for any utility using the solution.

For contractors not yet in Resource Assist, a utility can still use the software to document phone or email requests and standardize its process with one solution. Resource Assist captures all relevant data along the way and identifies trends, crew status and data for reconciling invoices.

According to James Lass, general manager for Distribution Engineering & Emergency Management at Pineville, La.-based Cleco Power, "ARCOS provides data on response team personnel, including who was involved in the event, what they accomplished and for how long. That lets us quickly validate data and prepare a cost-analysis report."

OTHER BUILDING BLOCKS FOR COST-RECOVERY: CREW MANAGER AND DAMAGE ASSESSMENT

Once a utility has its external crews loaded into Resource Assist, they can bring crews onto the property and link pictures of damage to work orders, which can support a narrative for any cost-recovery claims. When utilities add Crew Manager, storm managers can electronically gather information on internal and external crews because each crew member's record in the system links the person to a crew, truck, hotel stay, and their work orders – including descriptions tied to damage assessments, meals and the worker's GPS coordinates.

If FEMA declares an event as significant, including substantial damage, industry experts say it's nearly impossible to capture all the information that FEMA or an insurance carrier requires without an electronic, or automated, solution. In the case of FEMA, the agency wants damage assessment information in real-time, not days or weeks after the fact. Without an automated damage assessment system of some kind, data collection for, say, a Category 2 hurricane could take a utility up to six months to compile. The demand for real-time damage assessment data presents several challenges for utilities undertaking restoration. There's the problem of multiple handoffs of maps and information between storm coordinators, damage evaluators and field crews, as well as the difficulty and delays interpreting handwritten assessments, especially when evaluators come from the ranks of non-engineers who may struggle distinguishing between, for instance, a single-phase, hydraulically controlled recloser and a single-phase electronically controlled re-closer. Each piece of missing information, request for clarifications and search for broken equipment causes the assessment process to drag out.

One Southeastern U.S. utility navigates this problem by using ARCOS Damage Assessment, which assessors can access via mobile devices in the field and transmit reports immediately to an OMS and the ARCOS management console. According to one of the utility's distribution team leads, "As long as our assessors have a feeder map downloaded, they can record damage; it's continually 'syncing' all day long.

"We've not had any trouble with synchronization or being slowed down or disconnected when using it in my role as a damage assessor," the team leader said.

THE COST OF RELYING ON A MANUAL PROCESS

Utilities are increasingly adopting an automated approach to recovering restoration costs. But many more are still wedded to committing resources to rebuild records by hand, which can take months. Typically, the process involves interviewing people who spent time on the restoration, determining activities they worked on, documenting which circuit, collecting pictures of the damage and restored equipment. For a major event, staff from the utility's storm team or financial department might write hundreds of pages of narrative to show FEMA, or an insurer, that the utility tried to control costs. That same team would then have to ensure the claim process goes successfully. Some utilities working through a manual process bring in consultants who specialize in cost-recovery submissions. If that seems costly or excessive, consider that verifying details can make the difference between reviewers approving and denying a multi-million-dollar claim.

"For a Category 2 hurricane, ARCOS would've cut our cost recovery process in half – we could've completed our documentation in three to six months," the financial manager added.

THE BURDEN OF PROVING WHAT'S BEEN DONE

It's not unusual for FEMA to ask a utility for the GPS coordinates of each damaged and reset pole. Imagine a thousand poles damaged and, initially, having GPS coordinates for less than half. Obtaining data for the remaining poles might take days or even weeks by pulling maps and combing through hand-written crew reports. In the meantime, claims processors might request information proving a utility followed U.S. Fish and Wildlife Service guidelines when crews reset poles in sensitive environmental areas. With a manual process, collecting data at the point of repair is a challenge and truly onerous to document after the fact. Even something as simple as accounting for the number of meals that crews ate becomes exponentially difficult without automation.

For instance, consider a utility that spent $1 million to feed its internal and external crews restoring power for several weeks after a major event. Let's say a claims assessor finds an issue with the utility's hand-collected meal receipts: There aren't sufficient records to show every crew member consumed three meals per day, which causes a shortfall of hundreds of thousands of dollars. The utility pours over thousands of receipts and requires the assistance of three people full-time to address this issue as well as other ones to avoid a shortfall that, ultimately, could lead to a request for a rate increase.

THE IMPACT OF ARCOS

Utility professionals who use a mix of ARCOS Crew Manager, Resource Assist and Damage Assessment say that they save hundreds of thousands of dollars, sometimes millions, because they have a window through which to see restoration in progress and detailed reporting that documents thousands of actions. Crew Manager, in particular, gives storm managers the ability to record managers' decisions and play back the steps taken before, during and after restoration. And with the ability to verify invoices and stamp actions by day and time, managers can better reconcile charges and recover costs.

While reflecting on the cost-recovery process after a major event, a financial manager at a co-op said, "If we had had ARCOS, a good chunk of the data needed for FEMA could've been downloaded in seconds to a CVS file or PDF, instead we used spreadsheets and databases; it was a lot of data entry that we would've never had to do.

"For a Category 2 hurricane, ARCOS would've cut our cost recovery process in half – we could've completed our documentation in three to six months," the financial manager added. "We would've had accurate data in a timely way; we would've been ready for FEMA before they would've been ready for us."

When an event occurs, the ARCOS platform helps a utility plan its response, manage the effort in real-time and report on the way it uses each resource.