

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of) DOCKET NO. 950213-EI
Recovery Schedule for Energy) ORDER NO. PSC-95-0893-AS-EI
Management System by Tampa) ISSUED: July 20, 1995
Electric Company.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

FINAL ORDER
APPROVING SETTLEMENT AGREEMENT

BY THE COMMISSION:

On February 24, 1995, Tampa Electric Company (TECO or Company) filed a petition requesting a one year amortization of a \$5 million reserve deficiency associated with its Energy Management System (EMS) beginning January 1, 1995. There is no vendor support to develop new software for the present EMS technology. TECO, therefore, plans a phased migration to workstation-based computer platforms over the next five years. The Company's petition was approved in Order No. PSC-95-0475-FOF-EI, issued on April 12, 1995. The Office of Public Counsel (OPC) filed a timely protest on May 3, 1995 and requested a hearing pursuant to Section 120.57, Florida Statutes. TECO filed its answer to OPC's protest on May 11, 1995. On May 25, 1995, a meeting was held to discuss OPC's request for a Section 120.57 hearing, to seek agreement on a list of factual issues, and to attempt to resolve this dispute. Subsequently, a Settlement Agreement (Agreement) between OPC and TECO was filed on June 1, 1995. This Agreement provides for a 5-year amortization of the \$5 million reserve deficiency associated with the EMS obsolete equipment beginning January 1, 1996. Attached and incorporated into this Order is the Settlement Agreement (Attachment A) filed by OPC and TECO.

TECO originally requested a 1-year amortization for 1995 of a calculated \$5 million reserve deficiency associated with its technically obsolete EMS equipment. This equipment was designed for the specific purpose of facilitating the systematic transmission, distribution and delivery of electric energy to TECO's customers. It monitors the power network, automatically

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controls generation and interchange, forecasts the power network state and performs other specialized functions. The current environment of open transmission access and transmission constraints demands flexibility and speed in the Company's day-to-day operations. Current plans are to phase this obsolete equipment out over a 5-year period. This migration involves moving from a mainframe work environment to decentralized, individual workstations which will provide more advanced software applications with greater flexibility. In this particular situation, there is now a perceived reserve deficiency that has been caused by historic depreciation rates not foreseeing the impact of new technology. For this reason, this deficiency should be recovered as fast as economically possible.

OPC argued that the Commission's approval of a reserve deficiency amortization for 1995 is inconsistent with the Commission's decision in Docket No. 950379-EI because the amortization would reduce the amount of revenues deferred in 1995. OPC contended that TECO's customers would be adversely affected because such a revenue deferral reduction would result in higher customer rates in 1997 than they would be otherwise, assuming that TECO files a rate case in 1996. Further, since the EMS equipment is not scheduled to be retired until 2000, OPC argued that correction of the reserve position should match this time period.

In an effort to resolve this issue, OPC and TECO have entered into a Settlement Agreement that the \$5 million reserve deficiency be amortized over 5 years beginning January 1, 1996. Such an amortization will maximize the revenue deferral made in 1995. This Settlement Agreement is appropriate and is, hereby, approved.

It is, therefore,

ORDERED that the Settlement Agreement entered into by Tampa Electric Company and the Office of Public Counsel is approved. It is further

ORDERED that this docket shall be closed.

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By ORDER of the Florida Public Service Commission, this 20th
day of July, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Ferguson
Chief, Bureau of Records

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of)
recovery schedule for Energy) Docket No. 950213-EI
Management System by Tampa Electric)
Company) Filed: June 1, 1995
_____)

SETTLEMENT AGREEMENT

The Citizens of the State of Florida, through the Office of Public Counsel ("OPC") and Tampa Electric Company ("Tampa Electric" or the "Company") file this their Settlement Agreement in the above-styled matter, and say:


1. By Order No. PSC-95-0475-FOF-EI issued April 12, 1995, this Commission provided its Notice of Proposed Agency Action to grant approval for Tampa Electric's proposed one time amortization of \$5 million in 1995 for the Company's Energy Management System ("EMS"). On May 3, 1995, OPC filed its Petition on Proposed Agency Action objecting to the one year write off of the \$5 million EMS reserve deficiency. On May 25, 1995, an informal conference was held with OPC, Tampa Electric and Staff to discuss issues raised in this matter and to attempt to resolve this dispute.

2. As a result of these discussions, Tampa Electric and OPC have agreed that the appropriate resolution of this matter is for this Commission to approve an amortization of the \$5 million EMS reserve deficiency over a five-year period beginning in January 1996.

WHEREFORE, the Citizens of the State of Florida through the Office of Public Counsel and Tampa Electric Company request that this Commission enter its final order approving the proposed five-


year recovery schedule beginning January 1996 of \$5 million to compensate for a depreciation reserve deficiency associated with the Company's Emergency Management System.

DATED this 1st day of June, 1995.



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