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COMMISSION
CLERK

October 9, 2006

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Petition to authorize the use of deferral accounting and the creation of a regulatory asset or regulatory liability to record charges or credits that would have otherwise been recorded in equity pursuant to the balance sheet treatment required by Statement of Financial Accounting Standards (SFAS) No. 158;
Docket No. *060674 - EI*

Dear Ms. Bayó:

On behalf of Progress Energy Florida, Inc. ("PEF"), please find enclosed for filing the original and seven (7) copies of the above referenced petition.

Please call me at (727) 820-5184 should you have any questions.

Sincerely,

John T. Burnett LMS
John T. Burnett

JTB/lms
Enclosure

Progress Energy Florida, Inc.
106 E. College Avenue
Suite 800
Tallahassee, FL 32301

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FPSC-COMMISSION CLERK

Petition of Progress Energy Florida, Inc. to authorize the use of deferral accounting and the creation of a regulatory asset or regulatory liability to record charges or credits that would have otherwise been recorded in equity pursuant to the balance sheet treatment required by Statement of Financial Accounting Standards (SFAS) No. 158

Docket No.:

Submitted for filing:

October 9, 2006

PETITION

1. Petitioner, Progress Energy Florida, Inc. ("PEF"), is an investor-owned utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes. PEF's general offices are located at 100 Central Avenue, St. Petersburg, Florida, 33701.

2. All notices, pleadings and other communications required to be served on petitioner should be directed to:

John T. Burnett, Esquire
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5249

For express deliveries by private courier, the address is as stated in paragraph 1.

3. PEF hereby Petitions the Florida Public Service Commission (the Commission) to authorize the use of deferral accounting and the creation of a regulatory asset or regulatory liability to record charges or credits that would have

otherwise been recorded in equity pursuant to the balance sheet treatment required by Statement of Financial Accounting Standards (SFAS) No. 158. In support hereof, PEF states as follows:

4. In Docket No. 040816EI, Order No. PSC-04-1216-PAA-EI, the Commission authorized the establishment of a regulatory asset to offset any minimum pension liability recorded under SFAS No. 87. In the order, the Commission acknowledged that the establishment of the minimum pension liability is effectively a recognition of pension costs for balance sheet purposes prior to the recognition of such costs as expense under SFAS No. 87. The Commission's order neutralized the effect of the minimum pension adjustment, since both the minimum pension adjustment and the regulatory asset would be included in working capital for ratemaking and surveillance purposes.

5. The Financial Accounting Standards Board issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (an amendment of SFAS Nos. 87, 88, 106 and 132R) in late September 2006. SFAS No. 158 changes the requirements for balance sheet treatment for pension cost. SFAS No. 158 also requires similar balance sheet treatment for other postretirement benefits; previously, there was no minimum pension-type adjustment for other postretirement benefits. SFAS No. 158 does not change expense recognition for pension and other postretirement benefits.

6. The table below compares the key differences between the prior balance sheet treatment and that required by SFAS No. 158.

PRIOR	NEW
Balance sheet adjustment sometimes required for pension	Balance sheet must always reflect the “funded status” of both pension and other postretirement benefits
Minimum pension adjustment resulted in charges to equity (absent regulatory treatment)	Balance sheet treatment can result in credits or charges to equity

7. The fundamental principles underlying the Commission’s previous order with regard to the balance sheet treatment of the minimum pension liability remain the same. However, the previous order needs to be revised to reflect the new balance sheet treatment required by SFAS No. 158.

WHEREFORE, PEF respectfully requests that the Commission grant this petition, in an expeditious manner such that a consummating order can be issued prior to year-end 2006, and authorize the use of deferral accounting and the creation of a regulatory asset or regulatory liability to record charges or credits that would have otherwise been recorded in equity pursuant to the balance sheet treatment required by SFAS No. 158. Additionally, to satisfy certain generally accepted accounting principle requirements related to regulatory assets and liabilities, PEF respectfully requests that the Commission acknowledge that if amounts represented by the establishment of regulatory assets or liabilities pursuant to this order were to be recognized in expense through a future SFAS No. 88 or SFAS No. 106 curtailment, settlement or termination event, the recognized costs would be includable as a cost of service for ratemaking or surveillance purposes, subject to the Commission’s normal ability to review the

amounts for reasonableness.

Respectfully submitted,

s/ John T. Burnett *LMS*

John T. Burnett

Fla. Bar No. 173304

Associate General Counsel

Progress Energy Service Company, LLC

Post Office Box 14042

St. Petersburg, FL 33733-4042

Telephone: (727) 820-5184

Facsimile: (727) 820-5519

Attorney for Progress Energy Florida, Inc.