

Matilda Sanders

060734-60

From: Ansley Watson, JR. [AW@macfar.com]
Sent: Wednesday, November 08, 2006 3:46 PM
To: Filings@psc.state.fl.us
Cc: Paul Higgins; Kandi Floyd; Imbinswanger@tecoenergy.com; RegDept@tecoenergy.com
Subject: Petition of Peoples Gas System, etc.
Attachments: PGS-petition--FAS 158 deferral acctg.pdf

ORIGINAL

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- b. This will be a new docket.
- c. Peoples Gas System
- d. Total of six (6) pages
- e. The attached document consists of a cover letter and Peoples Gas System's 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

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11/8/2006

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November 8, 2006

VIA E-FILING

Blanca S. Bayo, Director
Division of Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

060734-GU

Re: Petition of Peoples Gas System 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

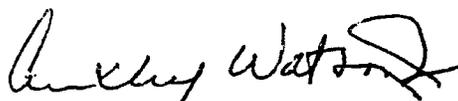
Dear Ms. Bayo:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find its petition referenced above.

I am sending via Federal Express today (for delivery tomorrow) a diskette containing the petition in Microsoft Word format.

Thank you for your usual assistance.

Sincerely,


Ansley Watson, Jr.

AWjr/a
Enclosures

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Blanca S. Bayo, Director
November 8, 2006
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cc: Mr. J. Paul Higgins
Mrs. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Petition of Peoples Gas System)
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. 060734-GU

Submitted for Filing:
11-8-06

PETITION

Peoples Gas System ("Peoples" or the "Company") hereby petitions the Commission for authorization to use deferral accounting and to create 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 and, in support thereof, says:

1. Peoples is a natural gas utility subject to the jurisdiction of the Commission under Chapter 366, *Florida Statutes*. Peoples' general offices are located at 702 North Franklin Street, Tampa, Florida 33602.

2. Peoples requests that copies of all pleadings, orders, notices and other documents submitted in this proceeding be furnished to the following:

Paula Brown
Administrator, Regulatory Affairs
Peoples Gas System
Post Office Box 111
Tampa, Florida 33601
(813) 228-1934
(813) 228-1770 (fax)

Ansley Watson, Jr.
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3. 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 costs and 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. The reporting requirement changes must be made as of December 31, 2006.

4. Exhibit A describes the journal entries that are required to comply with SFAS No. 158 and the journal entries for which Peoples seeks the Commission's approval to create the regulatory asset or regulatory liability.

WHEREFORE, Peoples 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, Peoples 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 and surveillance purposes, subject to the Commission's normal ability to review the amounts for reasonableness.

Dated this 8th day of November, 2006

Respectfully submitted,



Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601
(813) 273-4321

Attorneys for Peoples Gas System

EXHIBIT A

Proposed Accounting Entries to Comply with FAS 158

The following journal entries would be made to record the unfunded liability for Pension, SERP and FAS 106. These unfunded liabilities represent the excess of the Projected Benefit Obligation (PBO – for Pension and SERP) and Accumulated Post-Retirement Benefit Obligation (APBO – for FAS 106) over the fair value of plan assets (pension plan only) and the recorded benefit liabilities currently on the books of the Company.

	Dr.	Cr.
219 Accumulated other comprehensive income (after tax)	X	
182 Regulatory tax asset-FAS 158 related (tax effect)	X	
228 Liabilities for pension/SERP benefits		X
228 Liability for other post-retirement benefits (FAS 106)		X

The following journal entries would be made to reclassify the after-tax amounts charged from Accumulated Other Comprehensive Income to a Regulatory Asset.

	Dr.	Cr.
182 Regulatory asset – benefit related	X	
219 Accumulated other comprehensive income		X