

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for declaratory statement regarding appropriate accounting treatment to be followed to record and recover prudently incurred storm damage costs that exceed Company's storm reserve balance, by Tampa Electric Company.

DOCKET NO. 041172-EI
ORDER NO. PSC-04-1193-DS-EI
ISSUED: December 3, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER GRANTING PETITION FOR DECLARATORY STATEMENT

BY THE COMMISSION:

Background

On October 1, 2004, Tampa Electric Company (Tampa Electric or Petitioner) filed a petition for declaratory statement (Petition) pursuant to Section 120.565, Florida Statutes and Chapter 28-105, Florida Administrative Code. Petitioner sought a declaratory statement regarding the appropriate accounting treatment for Tampa Electric to follow in order to record and recover prudently incurred storm damage costs that exceed the company's storm reserve balance.

In its Petition, Tampa Electric noted that we had considered this issue in three previous dockets concerning, respectively, Gulf Power Company (Docket No. 951433-EI), Progress Energy Florida, Inc. (Docket No. 041085-EI) and Florida Power & Light Company (FPL) (Docket No. 041057-EI). Tampa Electric also noted that the storm related costs associated with Hurricanes Charley, Frances and Jeanne will cause Tampa Electric to incur costs that exceed the Storm Damage Reserve (approximately \$42.7 million) the company had accrued prior to those storms. Petition, p. 1-3.

Petitioner interprets our actions in the Progress Energy and FPL dockets as determining that utilities should record prudently incurred storm damage costs in Account No. 228.1, Accumulated Provision for Property Insurance, as required by Rules 25-6.0143(1) and 25-6.0143(4)(b), Florida Administrative Code, and that after the actual amounts of the costs or estimates subject to true-up are known, utilities may then file petitions seeking an alternative accounting treatment for recovery of prudently incurred damage costs that exceed their storm reserve balances. Those petitions will, in turn, be subject to our review and approval when filed, prior to which the companies should continue to book amounts consistent with current

DOCUMENT NUMBER - DATE
12829 DEC-3 2004
FPSC-COMMISSION CLERK

accounting practice. Tampa Electric interprets our action in the Gulf Power docket as approving the recovery of prudently incurred storm preparation and restoration costs. Petition, p. 4-5.

The purpose of this Petition is to resolve any uncertainty about the application of the storm damage accounting practices and cost recovery process described above to Tampa Electric in its particular set of circumstances. Tampa Electric sets out the statement which it believes would alleviate that uncertainty and asks that we issue it substantially as set forth in its Petition. Petition, p. 5-6.

Substantially the same statement, with minor changes by staff in order to track as closely as possible the final orders subsequently issued in the Progress Energy (Order No. PSC-04-0977-PAA-EI) and FPL (Order No. PSC-04-0976-PAA-EI) dockets, is as follows:¹

Tampa Electric Company should record prudently incurred storm damage costs in Account No. 228.1, Accumulated Provision for Property Insurance, as required by Rules 25-6.0143(1) and 25-6.0143 (4)(b), Florida Administrative Code. In accordance with the Commission's prior treatment of expenses related to individual utility self-insurance mechanisms, the Commission retains the right to review Tampa Electric Company's charges to Account No. 228.1, at any time, for reasonableness and prudence and to disallow any that are found to be inappropriate. Thus Tampa Electric Company should continue to book amounts consistent with its current accounting practice. In the event that a subsequent petition for recovery of storm-related damages is filed, the costs will be subject to our review and approval. This treatment is intended to be consistent with that approved for Florida Power & Light Company in Docket No. 041057-EI, Order No. PSC-04-0976-PAA-EI, issued October 8, 2004, and for Progress Energy Florida, Inc. in Docket No. 041085-EI, Order No. PSC-04-0977-PAA-EI, issued October 7, 2004, addressing the 2004 hurricane related costs that are expected to exceed their reserve balances.

Discussion

We agree that the requested declaratory statement should be issued. The declaratory statement sought by Tampa Electric is consistent with the orders previously issued by us in our prior consideration of the same issues in the dockets and orders previously cited. Issuance of the declaratory statement would alleviate any uncertainty that the same accounting practices and cost recovery process described in those dockets and orders also apply to Tampa Electric with respect to its storm related costs in excess of its Storm Damage Reserve balance.

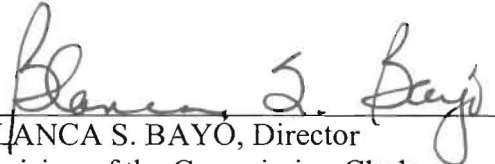
In view of the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition for Declaratory Statement of Tampa Electric Company is granted. It is further

¹ Tampa Electric has reviewed the changes and does not object to them.

ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission this 3rd day of December, 2004.



BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

RCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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 the Commission Clerk and Administrative Services, 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 the Commission Clerk and Administrative Services 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.