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050225-E1

April 1, 2005

HAND DELIVERED

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APR -1 AM 11:03
COMMISSION
CLERK

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

Re: Joint Petition for approval of accounting treatment of Tampa Electric Company's costs associated with Hurricanes Charley, Frances and Jeanne

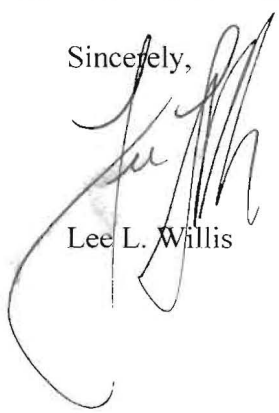
Dear Ms. Bayo:

Enclosed for filing in the above-styled matter on behalf of the Office of Public Counsel, Florida Industrial Power Users Group and Tampa Electric Company are the original and fifteen (15) copies of a Joint Petition for Approval of Stipulation and Settlement.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



Lee L. Willis

LLW/pp
Enclosure

cc: All Parties of Record (w/enc.)

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
03184 APR-1 03
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of accounting)
treatment of Tampa Electric Company's costs)
associated with Hurricanes Charley, Frances) Docket No. 05 _____ - EI
and Jeanne.) Date Filed: April 1, 2005

**JOINT PETITION FOR APPROVAL
OF STIPULATION AND SETTLEMENT**

The Citizens of the State of Florida, through the Office of Public Counsel, the Florida Industrial Power Users Group, through its undersigned counsel, and Tampa Electric Company, through their respective undersigned counsel, jointly petition the Florida Public Service Commission for entry of a final order approving the attached Stipulation and Settlement as full and complete resolution of any and all matters and issues which might be addressed in connection with the matters set forth therein regarding the effects of Hurricanes Charley, Frances and Jeanne on Tampa Electric Company's Accumulated Provision for Property Insurance, Account No. 228.1 in accordance with Section 120.57(4), Florida Statutes (2003).

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WHEREFORE, the undersigned parties respectfully urge the Florida Public Service Commission to approve the attached Stipulation and Settlement in all respects.

DATED this 1st day of April, 2005.

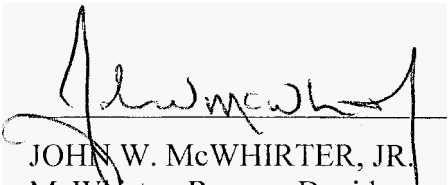
Respectfully submitted,



HAROLD MCLEAN
Office of Public Counsel
c/o The Florida Legislature
Room 812
111 West Madison Street
Tallahassee, FL 32399-1400
FOR THE CITIZENS OF THE
STATE OF FLORIDA



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ATTORNEYS FOR TAMPA
ELECTRIC COMPANY



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(813) 224-0866



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for approval of accounting)
Treatment of Tampa Electric Company's costs)
Associated with Hurricanes Charley, Frances)
And Jeanne)

STIPULATION AND SETTLEMENT

The Office of Public Counsel ("OPC"), the Florida Industrial Power Users Group ("FIPUG"), and Tampa Electric Company ("Tampa Electric" or "the company") (collectively, "the Parties"), pursuant to Section 120.57(4), Florida Statutes (2003), have entered into this Stipulation and Settlement to effect a disposition and complete resolution of any and all matters and issues which might be addressed in connection with the matters set forth herein regarding the effects of Hurricanes Charley, Frances and Jeanne on the company's Accumulated Provision for Property Insurance, Account No. 228.1

WHEREAS, in less than six weeks between August 13 and September 26, 2004 Tampa Electric's service territory was ravaged by three major hurricanes, impacting more than 631,000 customers, causing the worst outage situation in the company's history; and

WHEREAS, the hurricanes inflicted extensive damage to 15,000 spans of distribution wire and required the repair or replacement of 1,600 distribution poles and 1,000 distribution transformers, 64,800 feet of conductor, 259 spans of transmission lines and more than 100 transmission towers; and

WHEREAS, in order to restore service to its customers as rapidly as possible, Tampa Electric was able to bring in more than 4,600 outside workers and related equipment to augment the efforts of Tampa Electric's employees; and

WHEREAS, Tampa Electric estimates the costs of repairing its system and restoring service to customers will reach \$73.353 million once all costs are known; and

WHEREAS, pursuant to Rule 25-6.143, Florida Administrative Code, Tampa Electric maintains a property insurance reserve account (Account No. 228.1, for the purpose of covering the costs of property losses not covered by insurance; and

WHEREAS, in Order No. PSC-95-0255-FOF-EI in Docket No. 930987-EI the Florida Public Service Commission (“Commission”) ordered Tampa Electric to accrue \$4 million annually to its property insurance reserve; and

WHEREAS, prior to Hurricanes Charley, Frances, and Jeanne, Tampa Electric over time had accumulated \$42.233 million in its property insurance reserve account; and

WHEREAS, consistent with its current practice, Tampa Electric would ordinarily charge to its property insurance reserve all of its 2004 storm damage costs, resulting in a significant negative balance;

WHEREAS, through Rules 25-6.0143(1) and 25-6.0143(4)(b), Florida Administrative Code, the Commission allows electric utilities subject to the rule, including Tampa Electric, to defer recognition of the storm damage expenses to future periods that are reflected in a negative property insurance reserve balance in anticipation of future alternative treatment; and

WHEREAS, for settlement purposes only, the parties are receptive to a compromise that would address the storm cost accounting in a manner that takes into account the specific concerns of OPC and FIPUG, regarding the kinds of costs appropriate to be charged to the property insurance reserve; and

WHEREAS, to avoid the time, expense and uncertainty associated with potential adversarial litigation regarding the matters addressed herein, the Parties entered into negotiations designed to reach an agreement that will address the needs and objectives identified above while protecting their respective interests; and

WHEREAS, the effect of the terms to which the Parties have agreed result in a positive balance in Tampa Electric's property insurance reserve.

NOW THEREFORE, Tampa Electric, OPC and FIPUG agree, stipulate and bind themselves to the following:

1. Tampa Electric, OPC and FIPUG hereby approve and adopt all of the foregoing recitations.

2. This Stipulation and Settlement will become effective upon issuance of a final order whereby the Commission approves this Stipulation and Settlement and will serve as Tampa Electric's accounting treatment for costs associated with Hurricanes Charley, Frances and Jeanne charged to the property insurance reserve.

3. For the sole purpose of this Stipulation and Settlement, and without prejudice to the right and ability of any party to assert how such charges associated with future storms should be charged to the property insurance reserve, the Parties adopt and agree to adhere to the accounting treatment outlined in this document. The Parties further agree that the willingness of each of them to enter this Stipulation and Settlement is contingent on the final approval by the Commission of this Stipulation and Settlement in its entirety.

4. At this time, Tampa Electric's estimate for storm costs associated with Hurricanes Charley, Frances and Jeanne are \$73.353 million. As of August 1, 2004 the

company's balance in Account No. 228.1, Accumulated Provision for Property Insurance, was \$42.333 million leaving a deficit or negative balance, prior to the accounting treatment agreed to herein, of \$31.020 million.

5. The company agrees to remove capital expenditures associated with Hurricanes Charley, Frances and Jeanne from the property insurance reserve and charge them to Account No. 101, Electric Plant In-Service. The company also agrees to remove costs of removal associated with Hurricanes Charley, Frances and Jeanne from the property insurance reserve and charge that to Account No. 108, Accumulated Provision for Depreciation of Electric Utility Plant. Further the company agrees to remove from Electric Plant In-Service and Accumulated Provision for Depreciation of Electric Utility Plant the original cost of assets replaced during Hurricanes Charley, Frances and Jeanne. Once these adjustments are made and the normal annual accrual of \$4 million is made, the property insurance reserve is expected to have a positive balance of \$11.191 million by June 1, the first day of the 2005 hurricane season as shown on the attached Exhibit A.

6. Tampa Electric agrees to continue to accrue its normal annual accrual to the property insurance reserve of \$4 million as directed in Order No. PSC-95-0255-FOF-EI in Docket No. 930987-EI.

7. Except under circumstances provided for within this Stipulation and Settlement, Tampa Electric agrees that it will not petition for an increase in its base rates, including interim rate increases, to take effect until January 1, 2007 or after. Notwithstanding the foregoing, the Parties agree that in the event Tampa Electric is adversely affected by a future named tropical storm or hurricane during the term of this Stipulation, the company may petition the Commission to recover by a storm cost

surcharge prudently incurred costs arising from storm recovery activity, not otherwise paid by customers or booked as additions to capital or cost of removal, to and only to the extent that such costs exceed the sum of the property insurance reserve maintained by the company and any insurance or similar proceeds. Parties to this Stipulation and Settlement are not precluded from participating in such a proceeding and may advocate any position including, but not limited to, advocating an allocation of the sum of recoverable costs between Tampa Electric and its ratepayers and a limitation of the costs eligible for recovery under a storm cost surcharge to the share allocated to the company.

8. No party to this Stipulation and Settlement will request, support or seek to impose a change in the application of any provision hereof. Subject to the approval of the Commission set forth, all Parties hereto waive any right to request further administrative or judicial proceedings in regards to the establishment or implementation of this Stipulation and Settlement. Such requests for further administrative or judicial proceedings shall include, but not be limited to, a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code; a motion for reconsideration of the decision in this matter in the form prescribed by Rule 25-22.060, Florida Administrative Code; or a notice of appeal to initiate judicial review by the Florida Supreme Court pursuant to Rule 9.110, Florida Rules of Appellate Procedure, in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

9. This Stipulation and Settlement Agreement is contingent upon approval in its entirety by the Florida Public Service Commission. This Stipulation and Settlement will resolve all matters discussed herein pursuant to and in accordance with Section 120.57(4), Florida Statutes (2003). If this Stipulation and Settlement is not accepted and

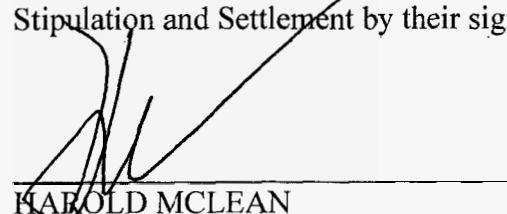
approved without modification by an order not subject to further proceedings or judicial review, then this Stipulation and Settlement shall be considered null and void and of no further force or effect.

10. It is understood and explicitly agreed that the Parties have entered this Stipulation for purposes of settlement, and their participation shall not prejudice the right and ability of any party hereto to take any position in any other proceeding in any venue.

DATED this 1st day of April 2005.

The Parties evidence their acceptance and agreement with the provisions of this

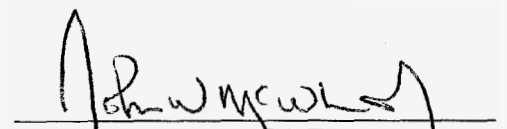
Stipulation and Settlement by their signatures:



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STATE OF FLORIDA



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EXHIBIT A

Tampa Electric Company Accounting Treatment for Costs Associated with Hurricanes Charley, Frances and Jeanne

Total Costs Associated with Hurricanes Charley, Frances and Jeanne	\$73,353,366
Expenditures to be Classified to Utility Plant Accounts	<u>38,877,284</u>
Remaining Costs in Property Insurance Reserve	34,476,082
Property Insurance Reserve Balance at August 1, 2004	<u>42,333,333</u>
Balance After Reclassification to Utility Plant Accounts	<u>\$ 7,857,251</u>
Expected Property Reserve Balance at June 1, 2005	\$11,190,585