

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 5, 2002

TO: John T. Butler, Esquire, for Florida Power & Light Company
James A. McGee, Esquire, for Florida Power Corporation
James D. Beasley, Esquire, for Tampa Electric Company
Jeffrey A. Stone, Esquire, for Gulf Power Company
Florida Industrial Power Users Group
Office of Public Counsel

FROM: Cochran Keating, Senior Attorney *WCK*

RE: Docket No. 011605-EI - Review of Investor-Owned Electric Utilities' Risk Management Policies and Procedures.

Via Facsimile

Staff hereby provides the following as an addendum to the proposal offered by staff for discussion at the March 12, 2002, informal meeting in this docket:

8. As an incentive for each utility to stabilize or minimize its fuel and purchased power costs for all of its customers, each utility shall offer the following choice to each demand or non-firm retail customer. Each demand or non-firm retail customer may accept a "fixed" fuel cost recovery factor from its utility for a one-year period. Each demand or non-firm retail customer must select this choice on an annual basis on or before a date established by its utility. If a demand or non-firm retail customer accepts this choice, that customer shall not participate in any subsequent refund (collection) of an over-recovery (under-recovery) that the utility experienced during that period. A utility's shareholders will receive (pay for) any over-recovery (under-recovery) for its load associated with these demand or non-firm retail customers. However, a utility's customers who do not or can not choose this "fixed rate" option shall remain no worse off as compared with the status quo.

If you have any questions concerning this matter, please call Cochran Keating at (850) 413-6193 or Bill McNulty at (850) 413-6443.

WCK/jb

cc: Division of Economic Regulation
Division of Auditing and Safety

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