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June 18, 2001

VIA HAND DELIVERY

Blanca S. Bayo, Director
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Betty Easley Conference Center
4075 Esplanade Way
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RECORDS AND REPORTING

Re: Docket No.: 010001-EI

Dear Ms. Bayo:

On behalf of Florida Industrial Power Users Group, enclosed for filing and distribution are the original and 15 copies of the following:

- ▶ Comments of the Florida Industrial Power Users Group.

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me. Thank you for your assistance.

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Sincerely,

Vicki Gordon Kaufman

Vicki Gordon Kaufman

VGK/bae
Enclosure

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07551 JUN 18 01
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power
Cost Recovery Clause and
Generation Performance Incentive
Factor.

Docket No. 010001-EI

Filed: June 18, 2001

Comments of the Florida Industrial Power Users Group

The Florida Industrial Power Users Group (FIPUG), pursuant to the Staff Workshop Memorandum of May 25, 2001, files the following comments regarding returning to a six-month fuel cost recovery period.

1. In Order No. PSC-98-0691-FOF-EU in Docket No. 980269-PU, the Commission changed the fuel adjustment factor from a semi-annual factor to an annual factor. FIPUG participated in that docket and strongly urged the Commission to retain a semi-annual factor. Many of FIPUG's arguments are recited in the Order and remain true today. In general, FIPUG urges the return to a six-month fuel factor.

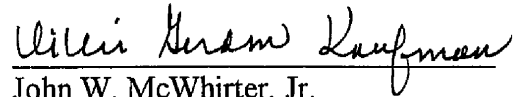
2. As then, FIPUG believes that the fuel cost recovery mechanism should be based on reasonable forecasts of expected fuel prices. Further, the fuel factor should send the appropriate price signals to customers and offer them the opportunity to conserve. Experience with the 12-month fuel factor shows that it does neither of these things. Further, it has failed to satisfy the basic premise upon which it was founded: that customers will be better able to budget with relatively fixed prices for steady consumption patterns.

3. The past rash of requests for mid-course corrections by Florida Power & Light Co. (FPL), Florida Power Corporation (FPC) and Tampa Electric Company (TECo) clearly demonstrate that a 12-month projection period is simply too long a time period to utilize because it cannot possibly

account for changes in the fuel marketplace. The farther out in time a forecast extends, the more the margin for error is compounded. The fact that a true-up mechanism occurs at the end of the process offers small consolation to customers who may well have overpaid for an extended period of time under a 12-month scenario.

4. A fuel factor based on 12-months is essentially a levelized factor and does not give customers the ability or opportunity to respond to changes in fuel prices. A levelized factor fails to promote conservation and it discriminates against high load factor customers.

5. FIPUG has not fully analyzed the alternatives raised by Staff in its memorandum, but will do so and provide its comments post-workshop.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing FIPUG's Comments has been furnished by *hand delivery, or U.S. Mail this 18th day of April, 2001, to the following:

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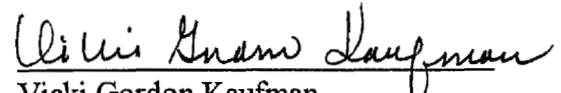
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