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February 12, 2003

Harold McLean
General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
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Re: Docket No. 020898-EQ

Dear Mr. McLean:

My letter of February 6th requesting mediation was based on two factors. First, we have now reached the 100th day of the 120 delay in proceedings sought by TECo. Although the abatement order left the door open to further extensions, the case schedule requires Cargill to file testimony in early May. Discovery must be completed before testimony can be prepared. We are concerned that we will run out of time again. In 2002, Cargill and TECo tried to negotiate a settlement from January until August at which point TECo said it was prohibited by its tariff at FERC from offering self-service wheeling. That notification came approximately 30 days before the pilot program was scheduled to end. It looks like we are going down the same track again in the current proceeding. The time for meaningful mediation with an independent facilitator is running out.

The second reason I requested mediation was because it appeared that the parties weren't getting anywhere in settlement discussions. I haven't participated in the discussions so have no personal knowledge, but Mr. Beasley's letter describes the impasse. Cargill is entitled to engage in self-service wheeling by general law and Commission rule. The governing law requires TECo to provide the transmission service. On the other hand, TECo has been proposing an alternative solution that gives rise to the impasse. According to Mr. Beasley's letter,

TECo has been working more diligently and more broadly toward a solution that addresses Cargill's underlying objective - the flexibility to make use of self generation in a way that would reduce reliance on optional provision purchases and exposure to service interruptions.

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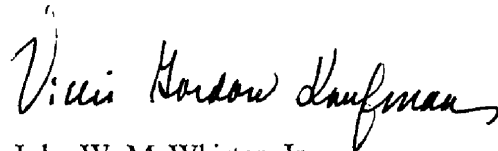
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TECo's approach is that self-service wheeling can only be used during times when TECo is unable to serve Cargill's load from TECo generation. Cargill would indeed like to avoid expensive optional provision purchases, but its main desire is to back up its self-generation projects with its own power rather than buying power from TECo. This enables Cargill to operate its own generation more efficiently, as the law, the Commission rules and conservation principles contemplate.

Cargill does not object to a status conference, continued settlement discussions without the help of an independent facilitator, or an issue identification conference addressing the topics TECo raises, as well as those we have raised. However, Cargill strongly objects to facing a deadline in the primary dispute without the opportunity to adequately prepare. As long as Cargill doesn't have to file testimony until at least thirty days after it receives the requested material evidence that is in TECo's exclusive possession, Cargill is comfortable with all efforts to reach an amicable solution and to conserve costs and Commission staff time.

Sincerely,



John W. McWhirter, Jr.
Vicki Gordon Kaufman

Cc: Chairman Jaber
Prehearing Officer Bradley
Roseanne Gervasi
Michael Haff
Blanco Bayo
James Beasley
Harry Long
Roger Fernandez