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March 15, 2000

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 991837-EI

This letter is in response to Mr. Keating's memo to all parties of record dated March 6, 2000 requesting comments on certain issues in the above docket.

Gulf agrees with Staff that Issue 14 and Issue 19N would be better addressed, if at all, in any proceedings arising from the nonfirm service workshops. Gulf also agrees with Staff's position that Issue 15A is beyond the scope of this proceeding and that Issue 19O should be eliminated from this docket.

Gulf does not believe that the concept embodied in Issue 19M currently has generic application. To the best of our knowledge there is no benchmark proxy for market price that is used generically to test the reasonableness of fuel-related transactions between an investor-owned electric utility and its affiliated companies. To the extent that there are benchmark proxies for market price in use, they have been designed and implemented on a company specific basis to address company specific issues. The development of policy in response to this issue is better suited at this time to resolution on a case-by-case basis using actual facts and circumstances.

That leaves two issues remaining:

Issue 15 and Issue 29 (as combined and reworded by staff):

"As a condition for cost recovery, should an investor-owned electric utility be required to disclose publicly the costs, terms, and conditions of all components of the fuel and purchased power cost recovery clause and the capacity cost recovery clause?"

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and


Issue 19L (as reworded by staff):

"Should a wholesale customer ever pay less than a utility's system average fuel cost?"

As to the latter, it is remarkably similar to an issue that was decided by the Commission in Order No. PSC-97-0262-FOF-EI, issued March 11, 1997 in Docket No. 970001-EI. As noted in that order, OPC's issue at that time was "Should an electric utility be permitted to include, for retail cost recovery purposes, fuel cost of generation at any time its units exceed, on a cents-per kilowatt-hour basis, the average fuel cost of total generation (wholesale plus retail) out of those same units?" The Commission addressed that issue in Order No. PSC-97-0262-FOF-EI after giving the parties an opportunity to submit testimony in the August 1996 fuel hearings and to submit post hearing statements followed by a staff recommendation. No basis has been asserted for readdressing this issue at this time.

Gulf does not believe that FIPUG's justification asserted to date for raising matters that have evolved into these two issues has been sufficient to justify this proceeding at this time, particularly on a generic basis, without any specific facts or allegations of harm. It appears that FIPUG is seeking a change in the application of laws and regulations enacted on a state and federal level in a way that would affect legitimate and lawful actions undertaken by the affected utilities. There has been no allegation that the utilities have acted contrary to any law or commission policy. A great deal of time and expense has already been incurred by the Commission, its Staff and the affected utilities. Before further significant effort is undertaken, it would be appropriate to bring this matter back before the Commission for its determination as to whether this investigation is warranted.

Sincerely,



Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Determination of appropriate disclosure)
requirements for certain affiliated transaction)
data and wholesale transaction data for)
investor-owned electric utilities)
_____)

Docket No. 991837-EI

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 15th day of March 2000 on the following:

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