

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF SAFETY & ELECTRIC RELIABILITY
JOSEPH D. JENKINS
DIRECTOR
(850) 413-6700

Public Service Commission

May 7, 2001

Hal Meyer
P.O. Box 67072
St. Petersburg Beach, FL 33736

010001-EI

Dear Mr. Meyer:

Thank you for taking the time to contact Commissioner Michael Palecki's office concerning the recent increase in the fuel component of your electric bill from Florida Power Corporation (Florida Power). Commissioner Palecki has requested me to respond on his behalf. I appreciate the opportunity to address your concerns, and I hope the following information is helpful.

Florida does not have native natural gas resources. Therefore, Florida's electric utilities must purchase natural gas in the national and international marketplace. The state's investor-owned electric utilities, including Florida Power, are authorized to request dollar-for-dollar recovery for fuel burned cost-effectively in the generation of electricity. The recent increase in the fuel component of your bill is due in part to unprecedented fuel cost increases experienced across the nation, particularly in the natural gas market. Fuel expenditures by regulated electric utilities are carefully examined by Commission staff. The Commission will further review Florida Power's fuel purchases at the annual fuel cost recovery hearing in November 2001, and any fuel cost over-recovery will be refunded to Florida Power's ratepayers with interest.

You may access the Commission's order regarding Florida Power's petition for a mid-course correction to its fuel charge on the Commission's Web site at <http://www.psc.state.fl.us/dockets/ELECTRIC.html> under Docket No. 010001-EI. You may also receive a copy of the order by contacting the Commission's Division of Records and Reporting at (850) 413-6770.

FILED
OFFICE
CLERK
COR
REG
SEC
SER
OTH

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

An Affirmative Action/Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

DOCUMENT NUMBER - DATE

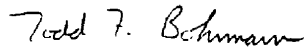
05807 MAY -80

FPC-RECORDS/REPORTING

Mr. Hal Meyer
Page 2
May 7, 2001

I appreciate hearing from concerned customers such as yourself. I hope that I have adequately addressed your concerns. As a customer of a different electric utility, I note that I also have experienced substantial increases in my electric bill due to skyrocketing natural gas prices. I understand your frustration. If you have any further questions or concerns, please let me know.

Sincerely,



Todd Bohrmann
Economic Analyst
Bureau of Electric Reliability

TB:kb
cc: Commissioner Palecki
Division of Records and Reporting