



**Florida Power**

A Progress Energy Company

ASSOCIATE GENERAL COUNSEL

**JAMES A. MCGEE**

July 12, 2001

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 010001-EI

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and ten copies of Florida Power Corporation's Post-Workshop Comments regarding the length of the fuel cost recovery period.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in Word format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/scc  
Enclosure

cc: Parties of Record

**FLORIDA POWER CORPORATION'S  
POST WORKSHOP COMMENTS  
RE: LENGTH OF FUEL COST RECOVERY PERIOD**

Florida Power continues to believe that the Commission's decision in Order No. PSC-98-0691-FOF-PU was correct. The five reasons cited by the Commission in support of the calendar year recovery period are still valid today. Since insufficient time has elapsed to conclude that an annual recovery period is not appropriate, Florida Power suggests that adhering to the status quo is the best course of action for the foreseeable future.

Florida Power does not agree with the alternatives discussed in Staff's May 25, 2001 Memorandum. Alternative One would preclude an IOU that chose to remain on an annual recovery period from initiating a midcourse correction. This action would only serve to increase the overall cost to customers through higher interest costs on the unrecovered balance, as well as causing rate shock once the true-up costs are incorporated into the recovery factor in the following period. Both of these consequences are negative impacts that this Commission has expressly tried to avoid.

Staff also proposes to allow a utility on a six-month recovery cycle the opportunity to request a mid-course correction, while denying a utility on an annual recovery cycle the same opportunity. Florida Power believes it to be inappropriate to impose a higher standard on a utility that chooses to remain on an annual cycle, particularly in light of the utilities' representations that, given the price volatility over the past several years, they would have still required a mid-course correction even if they had been on a six-month cycle.

The second alternative contemplates the filing of three separate sets of "E" schedules in support of the base (or most likely) case, as well as a low and high price scenario. This would result in greater regulatory costs for the Commission and the parties; more difficult data collection and analysis; and an increase in the number of price changes that a utility could request during the recovery period.

This does not mean that Florida Power would not support an alternative that allows those utilities desiring to revert to a six-month recovery period to do so, if it also allows the utilities to elect the status quo. Such an alternative would also need to include the opportunity for utilities on a calendar year recovery cycle to utilize the Commission's midcourse correction policy articulated in Order No. 13694. Staff proposed just such an alternative at the conclusion of the workshop. This third alternative would build on the first alternative, but would allow utilities the option to participate in six-month recovery hearings and the mid-course correction process when necessary.

In conclusion, Florida Power continues to support the status quo but would consider an alternative that provides recovery period options without prejudice to the current process.

CERTIFICATE OF SERVICE

Docket No. 010001-EI

I HEREBY CERTIFY that a true copy of Florida Power Corporation's Post-Workshop Comments have been furnished to the following individuals by regular U.S. Mail this 12th day of July, 2001:

Matthew M. Childs, Esquire  
Steel, Hector & Davis  
215 South Monroe, Suite 601  
Tallahassee, FL 32301-1804

Jeffrey A. Stone, Esquire  
Russell A. Badders, Esquire  
Beggs and Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

Lee L. Willis, Esquire  
James D. Beasley, Esquire  
Ausley & McMullen  
P. O. Box 391  
Tallahassee, FL 32302


Wm. Cochran Keating, IV  
Staff Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Stephen C. Burgess, Esquire  
Office of the Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399-1400

Joseph A. McGlothlin, Esquire  
Vicki Gordon Kaufman, Esquire  
McWhirter, Reeves, McGlothlin,  
Davidson, Decker, Kaufman,  
Arnold & Steen, P.A.  
117 S. Gadsden Street  
Tallahassee, FL 32301

John McWhirter, Jr.  
McWhirter, Reeves, McGlothlin,  
Davidson, Decker, Kaufman,  
Arnold & Steen, P.A.  
P. O. Box 3350  
Tampa, FL 33602-5126

Norman Horton, Jr., Esquire  
Messer, Caparello & Self  
P. O. Box 1876  
Tallahassee, FL 32302

  
\_\_\_\_\_  
Attorney