



Public Service Commission  
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COMMISSION  
CLERK

**DATE:** August 6, 2001  
**TO:** All Parties of Record  
**FROM:** Cochran Keating, Senior Attorney *WCK RVE*  
**RE:** Docket No. 010001-EI - Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor.

**Via Facsimile**

Please note that staff intends to raise the following issues for resolution at the hearing presently scheduled for November 20-21, 2001, in the above-referenced docket:

1. Has each investor-owned electric utility taken reasonable steps to manage the risks associated with its fuel and wholesale energy transactions through the use of physical and financial hedging practices?
2. What steps have large commercial and industrial customers taken to manage the risks associated with electricity purchases from investor-owned electric utilities?
3. Should the Commission encourage each investor-owned electric utility to enter exchange-traded derivative instruments to manage the risks associated with its fuel and wholesale energy transactions?
4. What is the appropriate regulatory treatment for gains and losses that result from hedging fuel and wholesale energy costs through futures contracts?
5. What is the appropriate regulatory treatment for the premiums received and paid for hedging fuel and wholesale energy costs through options contracts?
6. What is the appropriate regulatory treatment for the transactions costs associated with hedging fuel and wholesale energy costs?
7. What is the appropriate prospective regulatory treatment for the unamortized balance of capital projects previously authorized for recovery through the fuel and purchased power cost recovery clause?
8. If an investor-owned utility recovers a capital project's expenditures through the fuel and purchased power cost recovery clause, what is the appropriate rate of return on the capital project's unamortized balance?

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9. If an investor-owned utility exceeds its authorized return on equity ceiling, should the Commission reduce by a commensurate amount recovery of prudently-incurred expenditures through the fuel and purchased power cost recovery clause?
10. For the period March 1999 to March 2001, were Florida Power Corporation's natural gas procurement practices reasonable?
11. For the period March 1999 to March 2001, were Florida Power & Light's natural gas procurement practices reasonable?
12. Were Tampa Electric Company's decisions regarding its wholesale energy purchases and sales during 1998 through 2000 reasonable?
13. Were Florida Power Corporation's replacement fuel costs for the unplanned outage at Crystal River Unit 2, commencing on June 1, 2000, prudently incurred?
14. Were Gulf Power Company's replacement fuel costs for the unplanned outage at Crist Unit 2, commencing on August 2, 2000, prudently incurred?

Staff provides this notification so that all parties will be able to address these issues in prefiled testimony for the November 2001 hearing. If you have any questions concerning these issues, please call Todd Bohrmann at (850) 413-6445 or Cochran Keating at (850) 413-6193.

WCK/jb

cc: Division of Safety and Electric Reliability  
Division of Regulatory Oversight  
Division of Economic Regulation

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