

ORIGINAL

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February 28, 2002

James D. Beasley
Ausley & McMullen
PO Box 391
Tallahassee, Florida 32302
(Via Hand Delivery)

James A. McGee
Florida Power Corporation
PO Box 14042
St. Petersburg, Florida 33733-4042
(Via Fax)

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COMMISSION
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Re: Docket No. 020105-EI

Dear Jim and Jim:

IMC is pleased to learn that both TECo and FPC are in general strong supporters of the Commission's efforts to promote mediation as an alternative to administrative adjudication. However, given that support, we are confused by your letter of yesterday regarding mediation of the current dispute. Your offer to mediate appears to be contingent on IMC first accepting your view that a "violation" of the territorial agreement has occurred and then agreeing to focus on a single option for resolution before the parties have even had a chance to identify and discuss alternatives. This ignores the fact that there are both disputed issues of law and fact involved, which we would hope to work through in the mediation. No party should be required to waive its legal rights or agree to a restricted list of issues (particularly one that ignores virtually all of the issues raised in the responsive pleadings) as a prerequisite to mediation.

A willingness to listen to interested parties' concerns and explore viable options for resolution is a critical ingredient to a successful mediation. IMC remains committed to mediation and is willing to explore all viable solutions with an open mind. We ask that you do the same.

We are in agreement with you that mediation should move forward expeditiously. To that end, we suggest that counsel participate in a conference call next week to work on the details concerning our first mediation session, including dates, place, timing, and party representatives. You have indicated that you would like active participation from Commission Staff, and we would support including Mr. McLean on the conference call. Please provide us with some convenient dates and times next week for the call.

Another action that would expedite the mediation relates to TECo's position that it would be able to serve IMC. As we indicated last week, it would be helpful to receive written details of exactly how TECo proposes to render service in this situation to IMC. If we received this

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James D. Beasley
James A. McGee
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information prior to our first mediation session, we would be prepared to discuss the proposal during the mediation.

We look forward to discussing the details of proceeding with mediation in this matter.

Sincerely,



Vicki Gordon Kaufman

VGK/bae

Cc: Blanca Bayo (by hand delivery)
Harold McLean (by hand delivery)