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COMMISSION
CLERK

June 14, 2006

HAND DELIVERED

Ms. Lisa Bennett
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 322399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor; FPSC Docket No. 060001-EI
Tampa Electric Company's GPIF Proposal

Dear Ms. Bennett:

After recent meetings between Tampa Electric Company, Staff and parties to this proceeding regarding Tampa Electric Company's Generating Performance Incentive Factor ("GPIF") proposal, I wanted to provide Staff and the parties an update on Tampa Electric's plans.

As background, Staff submitted testimony in the 2005 fuel adjustment proceeding regarding adjustments Staff thought should be made for Tampa Electric's GPIF targets and ranges for 2006. At the conclusion of the hearing the Commission voted to adhere to the GPIF methodology as performed in the past, but urged that Tampa Electric, Staff and other interested parties get together and see if a mutually agreeable alternative proposal might be crafted that would take into account the concerns expressed in Staff's testimony.

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Tampa Electric immediately set about to develop a proposed modified GPIF methodology that would do just that. We appreciate the Staff's willingness, and that of the Office of Public Counsel ("OPC") and the Florida Industrial Power Users Group ("FIPUG"), to meet with us on March 24, 2006 for the purpose of allowing the company to present its proposed modified methodology and to answer questions regarding it.

We also appreciate everyone's willingness to meet again on May 23, 2006 at which time Tampa Electric agreed to certain modifications to its proposal that would conform the proposal to certain concerns expressed at the March 24 meeting, and thereby make the company's proposal very similar to the modified approach urged in Staff's 2005 testimony.

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Following the May 23 meeting Tampa Electric submitted backup data requested by Staff, OPC and FIPUG, which data supported and explained the company's proposed modified GPIF methodology. We have not received any negative feedback on what the company has proposed. To the contrary, we believe the feedback has all been positive, perhaps because what Tampa Electric now has on the table is very similar to the approach advanced by Staff in the testimony submitted at last November's fuel adjustment hearing and would produce very similar results.

In view of the foregoing, and in light of the fact that Tampa Electric needs to be able to rely on some methodology in order to prepare its forthcoming fuel adjustment projection testimony, we will prepare and submit for Commission approval at the November 2006 fuel adjustment hearing our proposed GPIF heat rate and unit availability targets and ranges using the methodology presented to Staff, OPC and FIPUG on March 24, 2006, as modified by the company and presented for your consideration during our meeting on May 23, 2006. If approved by the Commission, this methodology will produce our GPIF goals for 2007. We believe this plan of action implements the Commission's hope that discussions between Tampa Electric, the Staff and the parties, and a little "give and take," would produce a compromise that could be used on a going-forward basis.

I have spoken with Patty Christensen at OPC and Tim Perry with FIPUG and am authorized by them to represent that they concur in our use of the GPIF methodology presented during the March 24 meeting, as modified in the May 23 meeting, and our inclusion of that methodology in Tampa Electric's projection testimony for consideration in the November 2006 fuel adjustment hearing.

We recognize that OPC has a separate generic GPIF petition pending, that will be addressed and resolved separately on its own. The only purpose of this letter is to provide the Staff and interested parties advance notice of what we intend to ask the Commission to approve as a means of addressing the Tampa Electric specific GPIF issue left pending after the fuel adjustment hearing last November.

Thanks again to you, the Commission's technical staff, OPC and FIPUG for working with us in an effort to address this Tampa Electric GPIF issue.

Sincerely,


James D. Beasley

JDB/pp

cc: Blanca S. Bayo
All Parties of Record