

Ruth Nettles

From: Nanci_Nesmith@fpl.com
Sent: Monday, April 21, 2008 5:08 PM
To: Filings@psc.state.fl.us
Cc: Natalie_Smith@fpl.com
Subject: Electronic Filing-080001 Deferral of FPL's Petition for Approval of Improved Volatility Mitigation Mechanism
Attachments: Letter- Deferral of FPL's Petition for Approval of Improved VMM.pdf

Electronic Filing

a. Person responsible for this electronic filing:

Bill Feaster

215 S. Monroe Street, Suite 810

Tallahassee, FL 32301

850-521-3900

Bill_Feaster@fpl.com

b. Docket No. 080001-EI

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

c. Documents are being filed on behalf of Florida Power & Light Company.

d. There is a total of 1 page.

e. The document attached for electronic filing is Florida Power & Light Company's Letter regarding the Deferral of FPL's Petition for Approval of Improved Volatility Mitigation Mechanism.

(See attached file: Letter- Deferral of FPL's Petition for Approval of Improved VMM.pdf)



April 21, 2008

Mr. Tim Devlin, Director
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Deferral of FPL's Petition for Approval of Improved Volatility Mitigation
Mechanism
Docket No. 080001-EI

Dear Mr. Devlin:

I am writing to follow-up on our request for the Commission's deferral of Items 2 and 3 from the Staff recommendation on FPL's January 31, 2008, Petition for Approval of Improved Volatility Mitigation Mechanism ("VMM Petition") that was issued April 14, 2008, in the above-referenced docket. FPL would propose that those items be brought back before the Commission at the agenda conference scheduled for July 15, 2008, after Staff has completed the two hedging audits that are currently being conducted, and allowing time for further discussions with relevant parties.

While one of the concerns expressed in the Staff recommendation was that Issues 2 and 3 were premature until the hedging audits are complete, Staff also expressed other concerns about FPL's VMM proposal and its alternative hedging guidelines that were unrelated to the timing of FPL's request. FPL believes that it would be useful to meet with Staff and the other affected parties while the audits are being completed, to see if common ground can be reached on improvements to the existing hedging process that could be taken to the Commission as a proposed stipulation at the July 15 agenda conference. If Staff agrees, I ask that Staff schedule an informal workshop for this purpose in the near future.

As noted in the VMM Petition, FPL needs to begin placing hedges for 2009 in the Spring of this year, in order to implement those hedges in an orderly and efficient manner. Of course, this means that FPL will need to begin hedging well before the July 15 agenda conference. FPL intends to begin placing hedges for 2009 on or around May 1. The 2009 hedges will be consistent with FPL's approved Risk Management Plan and generally in accordance with the guidelines that were proposed as Exhibit 3 to the VMM Petition, taking into consideration Staff's concerns regarding an overly prescriptive approach.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill Feaster'.

Bill Feaster
Senior Director, Regulatory Affairs

cc: Mary Bane, Executive Director
Mike Cooke, General Counsel
Lisa Bennett, Senior Attorney