

VOTE SHEET

April 22, 2008

Docket No. 080001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

Issue 1: Should the Commission clarify the Hedging Order with regard to prudence reviews of current year hedging results?

Recommendation: Yes. To facilitate such reviews, the Commission should require each IOU to file a Hedging Information Report by August 15 of each year detailing its hedging transactions during the months of January through July of that year. The Hedging Information Report should provide the same hedging information identified through July of the actual/estimated year (i.e. the current year) as is required for the final true-up year (i.e. the prior year) per Section 5 of the "Proposed Resolution of Issues" of the Hedging Order.

APPROVED, staff is directed to hold an informal workshop.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of majority commissioners: Ned A. ... Katrina J. McMurrin, ...

Blank lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

03259 APR 22 08

(Continued from previous page)

**Issue 2:** Should the Commission approve FPL's proposed Volatility Mitigation Mechanism to replace FPL's use of physical and financial hedging to mitigate volatility in the prices FPL pays for fuel, commencing January 1, 2009?

**Recommendation:** No. The Commission should deny FPL's proposed VMM at this time for the following reasons: (1) FPL's petition is premature because the Commission is conducting management and financial audits of FPL's hedging program. (2) FPL has not shown that the VMM is superior to FPL's current hedging practices. (3) The routine of spreading under-recoveries of fuel costs over two years will compromise the Commission's traditional consideration of deferrals of recovery of fuel costs on a case-by-case basis. (4) As addressed in Issue 1, FPL's concern regarding the timing of prudence reviews can be alleviated by extending the period of review for hedging transactions through July 31<sup>st</sup> of the current year contingent on sufficient and timely filing of hedging information. FPL should continue to manage fuel price risk according to the direction provided by Order No. PSC-02-1484-FOF-EI (the Hedging Order) until such time that the stipulated policy stated in that order is modified. The flexibility extended by the Hedging Order allows FPL to revise its hedging program to affect any changes it deems necessary in addressing fuel price volatility.

**DEFERRED**

**Issue 3:** Should the Commission approve FPL's alternative proposal to the Volatility Mitigation Mechanism to reduce alleged regulatory risk associated with the current hedging program, including the hedging guidelines appearing in Exhibit 3 of its petition and revised procedures for review of FPL's hedging results set forth in Paragraph 19 of its petition?

**Recommendation:** No. The Commission should not approve FPL's proposed hedging guidelines because FPL's alternative proposal is premature and too constraining. FPL should continue to manage fuel price risk according to the general direction provided by Order No. PSC-02-1484-FOF-EI (the Hedging Order), until such time as the Commission modifies that order. FPL's proposal for revising the procedures for reviewing its hedging results should not be approved. Regarding the review period for FPL's hedging transactions, as discussed in Issue 1, the Commission should review hedging transactions for determination of prudence through July 31 of the current year contingent on sufficient and timely filing of hedging information.

**DEFERRED**

Vote Sheet

April 22, 2008

Docket No. 080001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

(Continued from previous page)

**Issue 4:** Should this docket be closed?

**Recommendation:** No. This docket is an on-going docket and should remain open.

**APPROVED**