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Public Service Commission

November 12, 2010

James W. Brew/F. Alvin Taylor
Brickfield, Burchette, Ritts & Stone, P.C.
1025 Thomas Jefferson St., NW
Eighth Floor, West Tower
Washington, DC 20007-5201

STAFF'S DATA REQUEST NO. 1

Re: Docket No. 100001-EI - Fuel and purchased power cost recovery clause with generating performance incentive factor.

Dear Mr. Brew:

By this letter, the Commission staff requests that each party to Docket No. 100001-EI, In re: Fuel and purchased power cost recovery clause, provide responses to the following data requests.

General Questions:

1. Do you believe there are problems with current hedging practices? If so, explain.

2. Pursuant to Order No. PSC-02-1484-FOF-EI, in Docket No. 011605-EI, the Commission developed a checklist of guidelines for the utilities to follow in hedging (Exhibit TFB-4 of the order). Are there any items on that checklist that:

   A: need to be revised, or refreshed.
   B: need to be deleted, or are no longer applicable;
   C: need to be added to the list?

3. Do you believe certain aspects of current hedging practices should be modified to derive greater benefit for customers? If so, explain what should be modified and why.

4. Does the purpose of hedging include taking advantage of low market prices at any given time, or is hedging better accomplished by planning amounts to be hedged at designated intervals and then strictly adhering to that plan?

5. Do you believe it would be appropriate for a utility to deviate from an approved hedging plan in order to take advantage of low market prices at any given time? Explain.

6. Does Order No. PSC-08-0667-PAA-EI address a utility's ability to deviate from approved plans in order to take advantage of low market prices at any given time? Explain

7. If utilities were required to obtain Commission approval to deviate from hedging plans to take advantage of low market prices, how should that be accomplished procedurally?

Questions for IOUs Only:

1. Do the techniques and principles of hedging include the ability to respond to market prices at any given time to hedge more or less? If so, explain. If not, should it?

2. Does your current hedging plan provide the flexibility to respond to current market prices by hedging more or less? Explain.

3. Do current hedging plans prohibit your utility from responding to low market prices or otherwise acting to take advantage of time sensitive opportunities that would benefit customers?

4. Given that the utility's risk management plan specifies ranges for the volumes of natural gas to be hedged, what are the factors influencing the percentage within that range to be hedged?

Please file the original and five copies of the requested information by Friday, November 19, 2010, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6230 if you have any questions.

Sincerely,

Lisa C. Bennett

Lisa C. Bennett
Senior Attorney

LCB:th

cc: Office of Commission Clerk
Office of the General Counsel (Sayler)
Division of Economic Regulation (Lester)