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Tallahassee, Florida

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November 14, 1995

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399

ORIGINAL
FILE COPY

**RE: DOCKET NO. 950001-EI
REQUEST BY MATILDA SANDERS**

Dear Ms. Bayó:

Pursuant to the request by Matilda Sanders on November 13, 1995 enclosed please find the following documents:

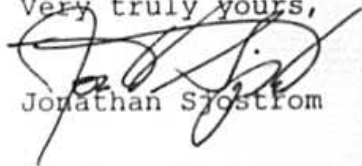
20 Copies of Florida Power & Light Company's Transmittal Letter dated November 13, 1995;

20 Copies of Florida Power & Light Company's Request for Confidential Classification including Exhibit "B" Affidavit of Rene Silva; and

20 Copies of Florida Power & Light Company's Summary of Request for Confidential Classification.

This letter will serve to confirm that the Request for Confidential Classification, pages 1-31, and Exhibit "B", Affidavit of Rene Silva, all filed yesterday, November 13, 1995 by FPL need not be maintained as confidential pending resolution of the Request. However, Exhibit "A", the highlighted copy of Schedules A4, A6, A6a, and A9, is entitled to confidential treatment pending resolution of the Request pursuant to Rule 25-22.006 (3) (d).

Very truly yours,


Jonathan Sjoström

Enclosures

cc: All Parties of Record

RECEIVED & FILED

was

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FPSC-RECORDS/REPORTING
11267 NOV 13 1995

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased)
Power Cost Recovery Clause)
and Generating Performance)
Incentive Factor)

DOCKET NO. 950001-EI

FILED: NOVEMBER 13, 1995

~~CONFIDENTIAL~~

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Pursuant to Commission Rule 25-22.006(4), Florida Power & Light Company ("FPL") requests confidential classification of certain information contained in Schedules A4, A6, A6a and A9 filed for the month of September, 1995 (the "A Schedules") required to be filed in this docket pursuant to Minimum Filing Requirements set forth in Commission Directive dated April 24, 1980, and as revised by Commission Memorandum issued by the Division of Electric and Gas dated December 13, 1994. The referenced A Schedules are the subject of FPL's Notice of Intent to Request Confidential Classification filed October 20, 1995.

Highlighted Copy of Schedules A4, A6, A6a and A9 Filed Herewith

Pursuant to Rule 25-22.006(4) (a), Exhibit "A" attached to this Request consists of one copy of A Schedules A4, A6, A6a and A9. The specific information asserted to be confidential has been highlighted in Exhibit "A."

DOCUMENT NUMBER-DATE

11267 NOV 13 95

FPSC-RECORDS/REPORTING

20 Redacted Copies of Schedules A4, A6, A6a and A9 Filed Herewith

Pursuant to Rule 25-22.006(4)(a), FPL is filing herewith 20 edited copies of A Schedules A4, A6, A6a and A9 on which the specific information asserted to be confidential has been blocked out by the use of an opaque marker or other masking device.

General Statement of FPL's Concerns Regarding Competitive Harm from Publication of Information in A Schedules

The information FPL seeks to classify as confidential concerns transactions in the wholesale power market and information concerning FPL's fuel costs for each of FPL's generating plants/units. The information sought to be protected here is only the highly detailed information -- information at the level of the individual customer, unit, plant or supplier. FPL does not here seek confidentiality for aggregations of this information. FPL's concern regarding the disclosure of information in A Schedules stems from FPL's competitors' ability to obtain and use price and cost information to undercut FPL's wholesale prices, out-bid FPL for energy sources and reduce the benefit to FPL of buying rather than generating power. See Affidavit of Rene Silva ¶13 (Attached as Exhibit "B").

From the portions of the A4, A6 and A6a schedules sought to be protected, FPL's competitors can determine and use the names of FPL's customers and suppliers correlated with the amounts purchased or sold, the price and the cost of wholesale transactions.

Moreover, FPL's competitors can determine the economics of FPL's generating facilities and thereby undercut FPL's pricing or out bid FPL for energy sources. Suppliers of economy energy could use the information in the A9 Schedule to determine the point at which it is more economical for FPL to purchase rather than generate power and price their service nearer this margin. Thus, this information could also be used to reduce the savings FPL realizes from purchasing rather than generating power. Affidavit of Rene Silva ¶¶. 14,15.

Competition exists now in the wholesale power market. For example, FPL recently lost a long term contract with the City of New Smyrna Beach for the sale of wholesale power. New Smyrna Beach has replaced FPL with Enron Power Marketing. A spokesman for New Smyrna Beach is reported as stating "the prices were better" and "the fuel charges from Enron are lower" as justification for canceling the contract with FPL. Additionally, FPL anticipates increasing competition in other aspects of its business especially the retail market with respect to commercial and industrial customers. Affidavit of Rene Silva ¶11.

Information from the A Schedules is also appearing in publications widely available to FPL's competitors. For example, a recent edition of Power Markets Week, published by McGraw-Hill reported detailed information on FPL's wholesale power transactions for the month of July, reporting the names of customers, total

amounts purchased, average price and total price. This same story reported extensive information regarding FPL's power purchases for the same period. This information is found in the sections of the A Schedules sought to be protected here and, to FPL's knowledge, nowhere else. FPL knows of no source similar to the A Schedules from which FPL can derive similar information with regard to its competitors such as Enron Power Marketing. Affidavit of Rene Silva ¶ 11.

The competitive harm worked by the disclosure of this information is visited directly and, in most cases totally, upon FPL's customers. Virtually all of the "profit" realized from wholesale power sales and "savings" from wholesale purchases is passed directly through to the customer as reduced fuel cost.¹ Because competition exists now and will continue to increase, FPL must eliminate disclosure of information that could be used by its competitors to put FPL at a competitive disadvantage and harm both FPL and its customers. Affidavit of Rene Silva ¶ 16.

Page and Line Identification of Confidential Information and Justification in Support of Confidential Classification

Pursuant to Rule 25-22.006(4)(a) and (c), FPL hereby identifies the pages and lines at which confidential material is found in the subject A Schedules correlated with the specific

¹100% of the profit and savings from OS transactions is passed through to the customers. In Schedule C and X transactions, 80% of the profit or savings is passed to the customers and 20% is retained as profit by FPL. Affidavit of Rene Silva ¶ 16.

justification proffered in support of the classification of such material.

Identification of Confidential Material in Schedule A4.

FPL identifies the following information in Schedule A4 for which FPL requests confidential classification:

Schedule A4 September 1995, Page 1, Lines 1-28, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit; Schedule A4 September 1995, Page 2, Lines 1-25, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit; Schedule A4 September 1995, Page 3, Lines 1-16, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit.

Schedule A4 Total Period, Page 1, Lines 1-28, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit; Schedule A4 September 1995, Page 2, Lines 1-25, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit; Schedule A4 September 1995, Page 3, Lines 1-16, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit.

Correlation and Justification of Confidential Classification of Material Identified in Schedule A4.

The information identified as confidential by FPL in Schedule A4 is intended to be and is treated by FPL as private in that the disclosure of the information could cause harm to FPL's business operations and has not been disclosed. See Fla. Stat. § 366.093(3). See also F.A.C. § 25-22.006(4)(c) & (d). The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, the information concerns bids or other contractual data the disclosure of which would impair FPL's

efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Information on FPL's fuel costs on a per plant or unit basis is available only to FPL's senior management, personnel involved in the fuel transactions and personnel involved in the use and preparation of the A Schedules. FPL has strictly limited access to this confidential material and has instituted strict controls to insure that the information remains private. Affidavit of Rene Silva ¶12.

The information identified as confidential in Schedule A4 consists of fuel cost data for each plant or unit operated by FPL. The publication of this information at the level of the plant or unit is harmful to FPL's competitive interest because it gives FPL's competitors the advantage of determining and predicting FPL's generating efficiencies and marginal costs with extreme precision. This extreme precision allows potential competitors an unfair advantage in pricing their own service and in making decisions as to whether to target FPL's customers. Additionally, this information permits suppliers of energy to predict the point at which it is more economical for FPL to purchase rather than generate power and therefore price closer to FPL's break even point, thereby reducing the benefit of purchasing rather than generating power. Affidavit of Rene Silva ¶¶ 14,15.

**Schedule A4 September 1995, Page 1, Lines 1-28,
Page 2, Lines 1-25, Page 3, Lines 1-16, Column (1)
As Burned Fuel Cost.**

Column (l) states the total cost of the fuel burned in each of FPL's generating plants/units for the relevant period. The unit cost of fuel, column (n) is an algebraic function of columns (l) and (i). In other words, given columns (l) and (i), a competitor could determine FPL's cost of fuel for each of FPL's generating plants.

By revealing fuel cost information for each of FPL's generating plants, Schedule A4 permits FPL's competitors in the wholesale power market to learn the price at which FPL can economically sell power and thus undercut FPL's prices. The significance of the per plant figures is that these figures would permit the competitor to more accurately estimate FPL's pricing. This is so because of FPL's well known policy of economic dispatch. Barring unusual circumstances, FPL dispatches its most economical units first -- initially to satisfy its retail demand and then to sell surplus energy on the wholesale market. With knowledge of FPL's dispatch and the fuel costs and efficiencies of FPL's remaining generating units available to supply wholesale energy, FPL's competitors are enabled to pinpoint and undercut FPL's pricing. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14, 15.

Additionally, by disclosing in detail the efficiencies of FPL's generating units and plants, the potential suppliers of power

to FPL can more accurately predict the point at which it becomes economical to purchase power rather than generate power. Precise prediction of this break-even point would permit suppliers to price wholesale power so as to maximize profit and minimize the benefit to FPL of purchasing rather than generating power. Thus, column (1) of Schedule A4 concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093 (3)(d). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

**Schedule A4 September 1995, Page 1, Lines 1-28,
Page 2, Lines 1-25, Page 3, Lines 1-16, Column (m)
Fuel Cost per KWH.**

Column (m) states the fuel cost per KWH incurred for each of FPL's generating plants/units. By revealing fuel cost information for each of FPL's generating plants, Schedule A4 permits FPL's competitors in the wholesale power market to learn the price at which FPL can economically sell power and thus undercut FPL's prices. The significance of the per plant figures is that these figures would permit the competitor to more accurately estimate FPL's pricing. This is so because of FPL's well known policy of economic dispatch. Barring unusual circumstances, FPL dispatches

its most economical units first -- initially to satisfy its retail demand and then to sell surplus energy on the wholesale market. With knowledge of FPL's dispatch and the fuel costs and efficiencies of FPL's remaining generating units available to supply wholesale energy, FPL's competitors are enabled to pinpoint and undercut FPL's pricing. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

Additionally, by disclosing in detail the efficiencies of FPL's generating units and plants, the potential suppliers of power to FPL can more accurately predict the point at which it becomes economical to purchase power rather than generate power. Precise prediction of this break-even point would permit suppliers to price wholesale power so as to maximize profit and minimize the benefit to FPL of purchasing rather than generating power. Thus, column (m) of Schedule A4 concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A4 September 1995, Page 1, Lines 1-28,
Page 2, Lines 1-25, Page 3, Lines 1-16, Column (n)
Cost of Fuel \$/Unit.

Column (n) states the cost of fuel per unit for each of FPL's generating plants/units. By revealing fuel cost information for each of FPL's generating plants, Schedule A4 permits FPL's competitors in the wholesale power market to learn the price at which FPL can economically sell power and thus undercut FPL's prices. The significance of the per plant figures is that these figures would permit the competitor to more accurately estimate FPL's pricing. This is so because of FPL's well known policy of economic dispatch. Barring unusual circumstances, FPL dispatches its most economical units first -- initially to satisfy its retail demand and then to sell surplus energy on the wholesale market. With knowledge of FPL's dispatch and the fuel costs and efficiencies of FPL's remaining generating units available to supply wholesale energy, FPL's competitors are enabled to pinpoint and undercut FPL's pricing. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

Additionally, by disclosing in detail the efficiencies of FPL's generating units and plants, the potential suppliers of power to FPL can more accurately predict the point at which it becomes economical to purchase power rather than generate power. Precise

prediction of this break-even point would permit suppliers to price wholesale power so as to maximize profit and minimize the benefit to FPL of purchasing rather than generating power. Thus, column (n) of Schedule A4 concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093 (3) (d). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4) (8) (a).

Schedule A4 Total Period, Page 1, Lines 1-28, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit; Schedule A4 September 1995, Page 2, Lines 1-25, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit; Schedule A4 September 1995, Page 3, Lines 1-16, Columns (l) As Burned Fuel Cost, (m) Fuel Cost per KWH, and (n) Cost of Fuel \$/Unit.

The information identified in the total period section of Schedule A4 must be classified as confidential since a competitor could determine the current month's plant/unit fuel cost information by subtracting the prior month's total period figures from the current month's total period figures. The substantive justifications for classifying this information as confidential for each of the identified total period columns (l-n) are the same as for the current month stated above.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Identification of Confidential Material in Schedule A6.

FPL identifies the following information in Schedule A6 for which FPL requests confidential classification:

Schedule A6 for the Month of September 1995, Lines 9-19, (3) Total KWH Sold, (5) KWH from Own Generation, (6a) Fuel Cost, (6b) Total Cost, (7) Total \$ for Fuel Adj., and (8) Total Cost.

Schedule A6 for the Months of April through September 1995, Lines 3-16, Columns, (3) Total KWH Sold, (5) KWH from Own Generation, (6a) Fuel Cost, (6b) Total Cost, (7) Total \$ for Fuel Adj., and (8) Total Cost.

Correlation and Justification of Confidential Classification of Material Identified in Schedule A6.

The information identified as confidential by FPL in Schedule A6 is intended to be and is treated by FPL as private in that the disclosure of the information could cause harm to FPL's business operations and has not been disclosed. See Fla. Stat. § 366.093(3). See also F.A.C. § 25-22.006(4)(c) & (d). The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). The information on FPL's specific, individual wholesale power sales customers is made available only to FPL's senior management, personnel involved in wholesale power transactions and personnel involved in the use and preparation of the A Schedules. FPL has strictly limited access to this

confidential material and has instituted strict controls to insure that the information remains private. Affidavit of Rene Silva ¶12.

The information identified as confidential by FPL in Schedule A6 consists of a list of FPL's wholesale power sales customers, sales figures for each such customers and the pricing of the power sold to each customer. Disclosure of this information allows FPL's potential competitors to precisely target FPL's wholesale power customers because Schedule A6 discloses the name of the customer, each customer's energy needs and current pricing for each customer. There is very little else that a competitor needs to target FPL's wholesale power sales customers. Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

**Schedule A6 for the Month of September 1995, Lines 9-19,
Column (3) Total KWH Sold.**

Column (3) of Schedule A6 discloses the total KWH of wholesale power sold to each of FPL's wholesale power customers. Disclosure of the volume of purchases made by individual customers would permit FPL's competitors to target FPL's customers. This targeting together with pricing information available elsewhere in the A Schedules would permit FPL's competitors to cherry-pick FPL's wholesale power customers. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's

competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6 for the Month of September 1995, Lines 9-19, Column (5) KWH from Own Generation.

Column (5) of Schedule A6 states the amount of power sold from FPL's own generation as opposed to energy wheeled from other systems. Since FPL does not currently wheel power from other systems for resale on the wholesale market, the numbers in column (5) are the same as the numbers in column (3) and the same justification for confidentiality applies. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

Schedule A6 for the Month of September 1995, Lines 9-19, Column (6a) Fuel Cost.

Column (6a) of Schedule A6 states the fuel cost of power sales to each of FPL's wholesale customers aggregated on a monthly basis. Disclosure of the cost of the fuel component of wholesale transactions, Column (6a) provides competitors the means to precisely target the FPL wholesale customers vulnerable to price-cutting. Therefore, the information relates to FPL's competitive

interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6 for the Month of September 1995, Lines 9-19, Columns (6b) Total Cost.

Column (6b) of Schedule A6 shows the total cost of the energy sold to each of FPL's wholesale power customers on a per KWH basis. Disclosure of the total price of FPL's sales to each customer invites FPL's competitors to target FPL's wholesale customers by pricing power to undercut FPL's price. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6 for the Month of September 1995, Lines 9-19, Column (7) Total \$ for Fuel Adj.

Column (7) is simply the product of columns (5) total KWH sold from own generation and (6a) fuel cost. This figure gives the total cost of the fuel component of the price of energy purchased by each of the FPL's wholesale customers. Disclosure of this information would permit FPL's competitors to target FPL's

wholesale customers and undercut FPL's pricing of wholesale power. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14, 15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6 for the Month of September 1995, Lines 9-19, Column (8) Total Cost.

Column (8) of Schedule A6 is simply the aggregate total paid by each of FPL's wholesale customers for all purchases from FPL during the month. Providing FPL's competitors with this information permits the competitors to project the pricing necessary to undersell FPL. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14, 15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6 for the Months of April through September 1995, Lines 3-16, (3) Total KWH Sold, (5) KWH from Own Generation, (6a) Fuel Cost, (6b) Total Cost, (7) Total \$ for Fuel Adj., and (8) Total Cost.

The information identified in the April through September 1995 section of Schedule A6 must be classified as confidential since a competitor could determine the current month's plant/unit fuel cost information by subtracting the prior month's total period figures from the current month's total period figures. The substantive justifications for classifying this information as confidential for each of the identified April through September columns (1, 3, 6a, 6b, 7 and 8) are the same as for the corresponding columns in Schedule A6 for the current month stated above.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Identification of Confidential Material in Schedule A6a.

FPL identifies the following information in Schedule A6a, Gain on Economy Energy Sales, for which FPL requests confidential classification:

Schedule A6a for the Month of September 1995, Lines 7-20, Columns (3) Total KWH Sold, (4a) Fuel Cost, (4b) Total Cost, (5a) Fuel Cost cents/KWH, (5b) Total Cost cents/KWH, (6) Gain on Economy Energy Sales.

Schedule A6a for the Months of April through September 1995, Lines 2-21, Columns (3) Total KWH Sold, (4a) Fuel Cost, (4b) Total Cost, (5a) Fuel Cost cents/KWH, (5b) Total Cost cents/KWH, (6) Gain on Economy Energy Sales.

Correlation and Justification of Confidential Classification of Material Identified in Schedule A6a.

The information identified as confidential by FPL in Schedule A6a is intended to be and is treated by FPL as private in that the

disclosure of the information could cause harm to FPL's business operations and has not been disclosed. See Fla. Stat. § 366.093(3). See also F.A.C. § 25-22.006(4)(c) & (d). The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). The information on FPL's specific, individual economy sales customers is made available only to FPL's senior management, personnel involved in wholesale power transactions and personnel involved in the use and preparation of the A Schedules. FPL has strictly limited access to this confidential material and has instituted strict controls to insure that the information remains private. Affidavit of Rene Silva ¶12.

The information identified as confidential by FPL in Schedule A6a consists of total sales figures for each of FPL's economy sales customers and the pricing and fuel costs for the power sold to each customer. The information and significance of the information in Schedule A6a is essentially similar to that in Schedule A6 except the transactions reported in Schedule A6a are made via the Florida Broker system rather than through long-term contracts. The competitive harm from disclosure of the information is the same. Disclosure of this information allows FPL's potential competitors to precisely target FPL's wholesale power customers because Schedule A6a discloses each customer's energy needs and the pricing

FPL is able to offer. There is very little else that a competitor needs to target FPL's economy energy customers.

Schedule A6a for the Month of September 1995, Lines 7-20, Columns (3) Total KWH Sold.

Column (3) of Schedule A6a discloses the total KWH of wholesale power sold to each of FPL's economy energy customers. Disclosure of the volume of purchases made by individual customers would permit FPL's competitors to target FPL's customers. This targeting together with pricing information available elsewhere in the A Schedules would permit FPL's competitors to target FPL's wholesale power customers. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14, 15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6a for the Month of September 1995, Lines 7-20, Column (4a) Fuel Cost.

Column (4a) of Schedule A6a states the fuel cost of power sales to each of FPL's wholesale customers aggregated on a monthly basis. Disclosure of the cost of the fuel component of wholesale transactions, Column (4a) provides competitors the means to precisely target the FPL economy energy customers vulnerable to

price-cutting and to undercut FPL's pricing generally. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6a for the Month of September 1995, Lines 7-20, Columns (4b) Total Cost.

Column (4b) of Schedule A6a shows the total cost of the energy sold to each of FPL's wholesale power customers on a per KWH basis. Disclosure of the total price of FPL's sales to each customer invites FPL's competitors to target FPL's wholesale customers by pricing power to undercut FPL's price. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6a for the Month of September 1995, Lines 7-20, Column (5a) Fuel Cost cents/KWH.

Column (5a) reports the average total fuel cost of all transactions with each of FPL's economy energy customers on a per KWH basis. Disclosure of this information would permit FPL's

competitors to estimate the price at which FPL can economically sell economy energy and thereby under-cut FPL's price. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3) (e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4) (8) (a).

Schedule A6a for the Month of September 1995, Lines 4-17 Column (5b) Total Cost.

Column (5b) reports the average total cost of all transactions with each of FPL's economy energy customers on a per KWH basis--essentially the price of each sale. Disclosure of FPL's pricing for economy energy sales would permit FPL's competitors to undercut FPL's pricing. Therefore the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3) (e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4) (8) (a).

Schedule A6a for the Month of September 1995, Lines 7-20, Column (6) Gain on Economy Energy Sales.

Column (6) of Schedule A6a reports the gain on economy energy sales made to each of FPL's wholesale power customers. Column (6)

essentially discloses FPL's profit margin on wholesale power transactions. Disclosure of FPL's profit margin permits FPL's competitors to undercut FPL's pricing for wholesale power. Therefore, the information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A6a for the Months of April through September 1995, Lines 2-21, Columns (3) Total KWH Sold, (4a) Fuel Cost, (4b) Total Cost, (5a) Fuel Cost cents/KWH, (5b) Total Cost cents/KWH, (6) Gain on Economy Energy Sales.

The information identified in the April through September 1995 section of Schedule A6a must be classified as confidential since a competitor could determine the current month's plant/unit fuel cost information by subtracting the prior month's total period figures from the current month's total period figures.

The substantive justifications for classifying this information as confidential for each of the identified April through September columns (3,4a,4b,5a,5b and 6) are the same as for the corresponding columns in Schedule A6a for the current month stated above.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4) (8) (a).

Identification of Confidential Material in Schedule A9.

FPL identifies the following information in Schedule A9 for which FPL requests confidential classification:

Schedule A9 for the Month of September 1995, Lines 6-19, Columns (4) Trans. Cost, (5) Total \$ for Fuel Adj., (6a) Cost if Generated cents/KWH, (6b) Cost if Generated \$, and (7) Fuel Savings, and Lines 16, 18 & 19, Columns (3) Total KWH Purchased.

Schedule A9 for the Months of April through September 1995, Lines 2-30, Columns (4) Trans. Cost, (5) Total \$ for Fuel Adj., (6a) Cost if Generated cents/KWH, (6b) Cost if Generated \$, and (7) Fuel Savings, and Lines 18-24 and 26-30, Column (3) Total KWH Purchased.

Correlation and Justification of Confidential Classification of Material Identified in Schedule A9.

The information identified as confidential by FPL in Schedule A9 is intended to be and is treated by FPL as private in that the disclosure of the information could cause harm to FPL's business operations and has not been disclosed. See Fla. Stat. § 366.093(3). See also F.A.C. § 25-22.006(4)(c) & (d). The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, information in Schedule A9 details the terms of FPL's purchases of economy energy with individual suppliers. Therefore, the information concerns bids or other contractual data the disclosure of which would impair FPL's efforts

to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). The information on FPL's specific, individual wholesale power sales customers is made available only to FPL's senior management, personnel involved in wholesale power transactions and personnel involved in the use and preparation of the A Schedules. FPL has strictly limited access to this confidential material and has instituted strict controls to insure that the information remains private. Affidavit of Rene Silva ¶¶ 12.

The information identified as confidential in Schedule A9 consists of detailed information on economy energy purchases from each of FPL's supplier's for the stated periods including the total volume of the purchases, pricing and fuel savings realized from purchase rather than generation of the power.² This information provides FPL's potential competitors with knowledge of the volume purchased from each specific source (column (3)), price (column (4)), and information from which it can be ascertained at what point it becomes economic for FPL to purchase rather than generate power under prevailing market conditions. From the information

² The purchases must be broken down into two broad categories, sales made using the Florida Broker System and opportunity sales, for the purpose of this Request. The reason for this distinction is that certain of the information that would otherwise be claimed as confidential for the Florida Broker contracts is currently disseminated to all members of the broker, thus precluding a claim of confidentiality as to column (3) Total KWH Purchased for transactions made using the Broker.

provided in Schedule A9, a competitor could outbid FPL for a potential energy source otherwise available to FPL on advantageous terms and cause FPL to replace the lost energy at a higher price on the market or dispatch otherwise uneconomic generating resources.

Similarly, the information provided in Schedule A9 could permit FPL's suppliers of economy energy to price their power toward FPL's margin with greater precision thus minimizing FPL's savings realized from purchasing economy energy. Affidavit of Rene Silva ¶¶ 14,15.

**Schedule A9 for the Month of September 1995, Lines
6-19 Column (4) Trans. Cost cents/KWH.**

Column (4) of Schedule A9 reports the total average price of economy energy purchases for each of FPL's suppliers for the month of September on a per KWH basis. By reporting the price FPL paid, FPL's competitors and suppliers can more precisely price their service towards FPL's generating cost, in the case of suppliers, or narrowly outbid FPL for energy sources, in the case of competitors. The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, information in Schedule A details the terms of FPL's purchases of economy energy with individual suppliers. Therefore, the information concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Affidavit of Rene Silva ¶¶ 14,15.

**Schedule A9 for the Month of September 1995, Lines
6-19, Column (5) Total \$ for Fuel Adj.**

Column (5) of Schedule A9 reports the total cost of all of FPL's economy energy purchases from each vendor for the month of September. Column (5) with the total purchased figures in column (3) provides FPL's competitors and suppliers with the price FPL paid each of its suppliers for economy energy. By reporting the price FPL paid, FPL's competitors and suppliers can more precisely price their service towards FPL's margin, in the case of suppliers, or narrowly outbid FPL for energy sources, in the case of competitors. The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, information in Schedule A details the terms of FPL's purchases of economy energy with individual suppliers. Therefore, the information concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Affidavit of Rene Silva ¶¶ 14, 15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

**Schedule A9 for the Month of September 1995, Lines
6-19, Columns (6a) Cost if Generated cents/KWH.**

Column (6a) reports the cost of generation that would have been necessary but for the subject purchase from each of FPL's economy energy suppliers on a cents per KWH basis. Publication of this information permits FPL's competitors to predict when FPL will enter the market for wholesale power and outbid FPL for sources. Knowledge of the precise point at which economy energy purchases become economical would also permit potential suppliers to price their energy closer to FPL's margin, thus reducing savings realized from purchasing rather than generating power. The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, information in Schedule A details the terms of FPL's purchases of economy energy with individual suppliers. Therefore, the information concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

**Schedule A9 for the Month of September 1995, Lines
6-19, Column (6b) Cost if Generated \$.**

Column (6b) reports the total cost FPL would incur if it had generated rather than purchased the power purchased from each of

FPL's economy energy suppliers. Publication of this information permits FPL's competitors to predict when FPL will enter the market for wholesale power and outbid FPL for sources. Knowledge of the precise point at which economy energy purchases become economical would also permit potential suppliers to price their energy closer to FPL's margin, thus reducing savings realized from purchasing rather than generating power. The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, information in Schedule A details the terms of FPL's purchases of economy energy with individual suppliers. Therefore, the information concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A9 for the Month of September 1995, Lines 6-19, Column (7) Fuel Savings.

Column (7) of Schedule A9 reports the total dollar amount of fuel savings realized from purchasing rather than generating power for each of FPL's economy energy suppliers. Publication of this information permits FPL's competitors to predict when FPL will enter the market for wholesale power and outbid FPL for sources.

Knowledge of the precise point at which economy energy purchases become economical would also permit potential suppliers to price their energy closer to FPL's margin, thus reducing savings realized from purchasing rather than generating power. The information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, information in Schedule A details the terms of FPL's purchases of economy energy with individual suppliers. Therefore, the information concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A9 for the Month of September 1995, Lines 16, 18 & 19, Column (3) Total KWH Purchased.

Column (3) for the referenced lines reports the total KWH purchased by FPL pursuant to long term contracts rather than opportunity sales under the Florida Broker system. By disclosing FPL's energy needs under contracts, the terms of which are matters of public record, FPL's competitors and suppliers can predict FPL's economy energy demand and more precisely price their service towards FPL's margin, in the case of suppliers, or narrowly outbid FPL for energy sources, in the case of competitors. The

information relates to FPL's competitive interests and disclosure would impair FPL's competitive business. See Fla. Stat. § 366.093(3)(e). Additionally, information in Schedule A details the terms of FPL's purchases of economy energy with individual suppliers. Therefore, the information concerns bids or other contractual data the disclosure of which would impair FPL's efforts to contract for goods or services on favorable terms. See Fla. Stat. § 366.093(3)(d). Affidavit of Rene Silva ¶¶ 14,15.

FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(8)(a).

Schedule A9 for the Months of April through September 1995, Lines 2-30, Columns (4) Trans. Cost, (5) Total \$ for Fuel Adj., (6a) Cost if Generated cents/KWH, (6b) Cost if Generated \$, and (7) Fuel Savings, and Lines 18-24 and 26-30, Column (3) Total KWH Purchased.

The information identified in the April through September 1995 section of Schedule A9 must be classified as confidential since a competitor could determine the current month's plant/unit fuel cost information by subtracting the prior month's total period figures from the current month's total period figures.

The substantive justifications for classifying this information as confidential for each of the identified April through September columns are the same as for the corresponding columns in Schedule A9 for the current month stated above.

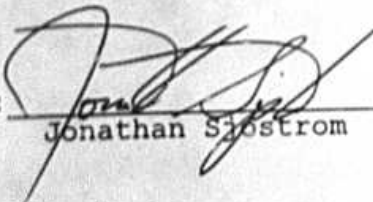
FPL requests that the information remain confidential for a period of 18 months. See Fla. Stat. § 366.093(4); F.A.C. § 25-22.006(4)(b)(a).

DATED this 13th day of November, 1995

Respectfully submitted,

STEEL HECTOR & DAVIS
215 South Monroe Street
Suite 601
Tallahassee, Florida 32301
Attorneys for Florida Power
& Light Company

By:



Jonathan Sjöstrom

AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF DADE)

BEFORE ME, the undersigned authority, personally appeared Rene Silva, who being first duly sworn deposes and says:

1) My name is Rene Silva; My business address is Florida Power & Light Company, 9250 West Flagler, Miami, Florida.

2) I graduated from the University of Michigan in 1974 with a Bachelor of Science degree in Engineering Science, with a major in Nuclear Engineering. In 1978 I earned a Master of Science Degree in Mechanical Engineering from San Jose State University. In 1985 I earned a Master of Science Degree in Business Administration with a major in Finance, from the University of Miami.

3) From 1974 to 1978, I was employed by the General Electric Company, Nuclear Energy Division, where I performed design and engineering analyses related to nuclear fuel assemblies.

4) In 1978, I joined FPL as Nuclear Fuel Engineer and was responsible for negotiating contracts for the fabrication of nuclear fuel assemblies for FPL's nuclear generating plants. In 1980, I was named Supervisor of Nuclear Fuel Supply, with the responsibility for the procurement of all materials and services related to nuclear fuel.

5) In 1982, I was named Supervisor of Special Projects. In that capacity, I was involved in litigation and settlement negotiations of fuel-related disputes, development of fuel procurement and utilization strategies and strategic evaluations of generation capacity alternatives.

6) In 1986, I was named Acting Manager of Fossil Fuels and was responsible for the procurement of fuel oil, natural gas and coal for FPL's generating plants, as well as the operation and maintenance of FPL's fuel oil receiving/storage facilities.

7) In 1987, I was named Manager of Fuel Services. In that capacity I directed the development

of fossil fuel price forecasts used in fuel procurement decisions, generation capacity evaluations, regulatory filings and financial planning. I participated in the development of FPL's generation capacity strategies, the evaluation of power supply alternatives, and the investigations regarding the feasibility of alternate fossil fuels for use at FPL's plants.

8) In October of 1993, I was named Manager, Forecasting and Regulatory Response, my present position. I am responsible for fossil fuel price forecasts and regulatory filings related to fossil fuel and fossil plants. In addition, I participate in interdisciplinary team efforts to develop and implement strategies to purchase and utilize fuel more economically, now and in the future.

9) Pursuant to Commission Rule 25-22.006(4), FPL is requesting confidential classification of certain information contained in schedules A4, A6, A6a and A9 pertaining to the month of September 1995 (the "A Schedules") required to be filed in this docket pursuant to Minimum Filing Requirements set forth in Commission Directive dated April 24, 1980, and as revised by Commission Memorandum issued by the Division of Electric and Gas dated December 13, 1994.

10) FPL believes it is at a competitive disadvantage since the disclosure of certain information in the A Schedules provides FPL's competitors with the ability to obtain price and cost information. FPL believes that the disclosure of this information is reasonably likely to impair FPL's ability to contract for goods and services since the information on these schedules allows a competitor to undercut FPL's sales price to a potential customer or to outbid FPL for a potential energy source.

11) FPL believes the importance of this information to competitors is demonstrated by the blossoming of publications which provide utility-reported data from the A Schedules. The disclosure of the information sought to be protected herein is creating an industry of publishers ready to serve a developing competitive market. For example, the September 18, 1995 edition of Power Markets Week, published by McGraw-Hill reported detailed information on FPL's wholesale power transactions for the month of July, reporting the names of customers, total amounts purchased, average and total price. This same story reported extensive information regarding FPL's power purchases for the same period. This information is found in the sections of the A Schedules sought to be protected here and, to FPL's knowledge, nowhere else. FPL knows of no other source similar to the A Schedules from which FPL can derive similar information with regard to its competitors. One such competitor is Enron Power Marketing who recently replaced FPL in a long term contract with New Smyrna Beach. The October 23, 1995

edition of Power Markets Week reports a spokesman for New Smyrna Beach as stating "the prices were better" and "the fuel charges from Enron are lower" as justification for canceling the contract with FPL. True and correct copies of these articles are attached to this affidavit as Attachment I.

12) The information which FPL seeks to protect from disclosure is data that is being treated by FPL as proprietary confidential business information. Access within the company to this information is restricted. Each of the copies of Schedules A4, A6, A6a and A9 have been marked "CONFIDENTIAL". Employees have been instructed to not make any copies of the schedules. The information on these schedules has not, to the best of my knowledge, been disclosed elsewhere.

13) While FPL must protect itself from the competitive disadvantage of the disclosure of this information, FPL is also acutely sensitive to the obligation to maintain public access to information to the extent that such information does not harm competitive interests. For this reason, the information sought to be protected is only highly detailed information -- information at the level of the individual customer, unit, plant or supplier -- that would permit or encourage a competitor to target and undercut FPL's pricing or out-bid FPL for a power source available to FPL on advantageous terms. FPL does not seek protection for cumulations of the detailed, specific information.

14) Specifically, FPL is requesting confidential classification of certain information on Schedule A4 - System Net Generation and Fuel Cost, Schedule A6 - Power Sold, Schedule A6a - Gain on Economy Energy Sales, and Schedule A9 - Purchase Power. From the portions of the A4, A6 and A6a Schedules sought to be protected, FPL's competitors can determine and use the names of FPL's customers and suppliers correlated with the amounts purchased or sold, the price and the cost of wholesale transactions. Moreover, FPL's competitors can determine the economics of FPL's generating facilities and thereby undercut FPL's pricing or out bid FPL for energy sources. Suppliers of economy energy could use the information in the A9 Schedule to determine the point at which it is more economical for FPL to purchase rather than generate power and price their service nearer this margin. Thus, this information could also be used to reduce the savings FPL realizes from purchasing rather than generating power.

15) By revealing fuel cost information for each of FPL's generating plants, Schedule A4 permits

FPL's competitors in the wholesale power market to learn the price at which FPL can economically sell power and thus undercut FPL's prices. The significance of the per plant figures is that these figures would permit competitors to more accurately estimate FPL's pricing. This is so because of FPL's well known policy of economic dispatch. Barring unusual circumstances, FPL dispatches its most economical units first -- initially to satisfy its retail demand and then to sell surplus energy on the wholesale market. With the knowledge of FPL's dispatch and the fuel costs and efficiencies of FPL's remaining generating units available to supply wholesale energy, FPL's competitors are enabled to pinpoint and undercut FPL's pricing.

16) The competitive harm worked by the disclosure of this information is visited directly and, in most cases totally, upon FPL's customers. Virtually all of the "profit" realized from wholesale power sales and "savings" from wholesale purchases is passed directly through to the customer as reduced fuel cost. (100% of the profit and savings from OS transactions is passed through to the customers. In schedule C and X transactions, 80% of the profit or savings is passed to the customer and 20% is retained as profit by FPL.) Because competition exists now and will continue to increase, FPL must eliminate disclosure of information that could be used by its competitors to put FPL at a competitive disadvantage and harm both FPL and its customers.



I hereby certify that on this 9 day of NOVEMBER, 1995, before me, on officer duly authorized in the State and County aforesaid to take acknowledgements, personally appeared Rene Silva who is personally known to me, and he acknowledged before me that he executed this certification of signature as his free act and deed who did not take an oath.

I Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 9 day of NOVEMBER 1995.



Notary Public
State of Florida

My Commission Expires: 5/25/96
Bonded By Service Ins
No. CG203462



Notary Public

Power Markets



October 23, 1995

Markets—East, Midwest, South

PEPCO OPENING UP SECOND DOOR TO PJM, SEEN GIVING APS 'A RUN FOR ITS MONEY'

Spot market prices for bulk power in the eastern U.S. continued their decline of the last few weeks, with little relief in sight until heating loads pick up, most sources said.

In market developments, several industry sources commented on a noticeable increase in marketing activity taking place on the Washington, D.C.-based Potomac Electric Power (PEPCO) system in recent weeks, opening a long-closed door for power to flow from the southern U.S. into the Mid-Atlantic region.

A more aggressive attitude at PEPCO, armed with a new sales tariff that went into effect this fall, apparently is coming at the expense of Allegheny Power System. Until now,

(continued on page 7)

PRICES OF SPOT ELECTRICITY WEEK ENDING OCTOBER 20

(per MWh)

	Range	Index
Western Markets		
Calif.-Oregon border	\$10.00 to \$14.75	\$14.00
Mid-Columbia	\$12.00 to \$14.00	\$13.75
Midway	\$15.00 to \$17.00	\$16.00
Mead	\$14.00 to \$16.50	\$15.00
Four Corners	\$13.00 to \$16.00	\$15.00
Palo Verde	\$13.25 to \$17.00	\$15.00
Northeastern Markets		
NEPOOL	\$18.00 to \$21.00	\$19.50
NYPP	\$18.00 to \$22.00	\$20.25
PJM	\$20.00 to \$23.50	\$21.25
Midwestern, Southern Markets		
ECAR	\$16.00 to \$20.00	\$18.50
SERC	\$14.00 to \$22.00	\$18.75
SPP	\$14.00 to \$18.00	\$16.25

NOTE: Ranges and index prices for on-peak non-firm electricity are based on prices of actual transactions obtained in confidential surveys of buyers and sellers.

The California-Oregon border, Mid-Columbia, Midway, Palo Verde, Mead and Four Corners represent prices for daily prescheduled on-peak non-firm transactions at those points. Prices for NEPOOL, NYPP, PJM, ECAR, PJM, SERC and SPP are for daily non-firm transactions within those market areas.

The index prices are *Power Markets Week's* assessments of where the bulk of dealmaking occurred. The assessments are based on a variety of statistical measures of the transactions gathered, including averages, medians, modes (most frequently occurring prices), and, where possible, volume-weighted averages.

ENRON TO REPLACE FP&L AS SUPPLIER FOR FLA. MUNI; 'PRICES WERE BETTER'

Enron Power Marketing has signed an agreement to provide firm power to the Utilities Commission of New Smyrna Beach, which canceled a similar contract with Florida Power & Light, according to Ron Vaden, the municipal utility's supervising engineer of power supply and planning.

Vaden said the muni exercised an option in its four-year power sales contract with FP&L and canceled the agreement on June 1, which means it will cease taking power from FP&L as of June 1 next year, when the new deal with Enron will start.

With the exception of price, which was the motivating factor for the change, the amount of power and schedule for delivery were essentially the same for both contracts.

"We did a four-month contract [with Enron during the summer for 5 MW] to get our feet wet with power marketers," Vaden explained. "We were satisfied. The prices were better." He added, "For a small utility, (power marketers)

(continued on page 3)

VA. SCC RULING AGAINST SIEMENS SHOWS PROBLEMS FACED BY MERCHANT PLANTS

The Virginia State Corporation Commission, in a ruling that shows the difficulties faced by merchant plant developers, last week rejected Siemens Power Ventures' plan for a 185-MW, gas-fired project in Loudoun County because the commission found no identified need for its capacity and energy.

New York City-based SPV, the non-utility power development unit of Siemens AG, proposed development of the \$70-million plant in June, asserting it would operate the project as a demonstration facility for Siemens's new V84.3A combustion turbine for 18 months, then run it as a merchant plant selling capacity and energy to a variety of buyers in the Mid-Atlantic and Southeast regions (PMW, 26 June, 1).

In the weeks after its announcement, however, the developer downplayed the merchant-plant part of its proposal, and suggested it would operate the project in a demonstration mode for several years.

The SCC's eight-page ruling (Case No. PUE910081) rejected arguments by SPV that the commission has no jurisdiction over the proposed plant since it was not a "public utility" and, alternatively, that the SCC should refrain from asserting its jurisdiction on the grounds that SPV's operation of the plant would not affect the public interest.

The commission said state statutes define an entity like

California Cities Consortium, which comprises 11 cities (PMW, 28 Aug. 7). The cities last summer hired New Energy Ventures of Pasadena to develop a purchasing pool that will put together portfolios for both natural gas and electricity in an effort similar to that announced in July by the Association of Bay Area Governments (PMW, 31 July, 6).

NEV intends to have the electricity portfolio ready for consortium members to take advantage of cheaper power if the California Public Utilities Commission approves a restructuring plan that would give the cities direct access to wholesale suppliers.

"If you can't get excited about something like that, you have to be brain dead. It is a window of opportunity...and those of you in the industry, we ask for your help," Boulgarides said. "We want direct access, bilateral contracts, aggregation without limits, no stranded costs, and cost-based wheeling."

Sponsored by NewsData Corporation, the conference explored a wide range of issues pertaining to transmission access and "the new electric marketplace," stemming from FERC's notice of proposed rulemaking on open access.

"There isn't a lot of sympathy for the electric industry in the rest of the country because they've already gone through" the pain of deregulation and layoffs, Hesse said. She dismissed the California PUC's poolco restructuring proposal as "just another form of monopoly regulation."

Indeed, the new electric marketplace may well become a world of bilateral contracts with no need for a central power pool like poolco, predicted Mike Burke, senior vice president of New Energy Ventures. Nor will there be any need for an independent system operator, as generators hook up with power marketers to sell their power.

Buyers' agents will play a significant role in the new market, and successful power sellers will interface with retail customers and aggregators as well as wholesale brokers, Burke said.

Meanwhile, the breakup of utilities' information monopoly will pose an even greater challenge than structural changes in the industry, he predicted.

The Northwest, surprisingly, has become a leader in the development of a competitive power market because of the Bonneville Power Administration, which has 200 wholesale contracts, most of them due to expire in 2001. "BPA is seeing fierce competition for its 2.5-cent wholesale power," said Walt Pollock, BPA's vice president of marketing, conservation, and production.

In fact, BPA is trading with five times more customers today than five years ago, and the number of transactions and trading partners on the California-Oregon intertie has doubled in the past year with the removal of technical barriers, he said.

ENRON TO REPLACE FP&L AS SUPPLIER ...begins on page 1

have opened up a competitive market and we are not as much a captured customer as we were."

Under the terms of the agreement, the muni will buy intermediate and peaking power from Enron during eight months of the year, as follows: 10 MW from June through September; 10 MW in December; 25 MW in January and

February; and 10 MW in March. "This is a real good advantage for us," Vaden said. "We can step our purchases up and down for our extra residential customers in the winter, and it still follows our load and maintains our reserve margin."

New Smyrna will pay Enron a capacity charge of \$3,990 per MW/month during the periods it is scheduled to receive power, plus an energy or fuel charge for the power it actually accepts. Vaden said that represents a saving of about 15% from what it was paying FP&L, which had a demand charge of \$4,700 per MW/month.

"Not only that," Vaden said, "but the fuel charges from Enron are lower."

Vaden said the city is in the process of negotiating another power sales agreement with Enron, but declined to release any details until the deal is completed.

An FP&L spokesman confirmed the muni had exercised its option to cancel the contract but had no comment on Enron's power sales activities in the state. Enron did not respond to request for a comment.

DERIVATIVES

FERC'S SANTA QUESTIONS IF COMMISSION CAN, SHOULD REGULATE RISK MANAGEMENT

Commissioner Donald Santa hinted last week that he is skeptical the Federal Energy Regulatory Commission could properly regulate derivatives or enforce companies' discipline in participating in price-risk management markets.

Speaking to a Houston conference on integrated gas and electric power marketing, Santa said he has not yet looked at any staff analysis or pleadings opposing the New York Mercantile Exchange's petition for a declaratory order that FERC has no jurisdiction over electricity futures contracts (PMW, 9 Oct. 6).

But beyond the question of the commission's authority under the Federal Power Act is the issue of whether FERC should regulate risk management services when they are offered by marketers, Santa said.

"Obviously, we cannot ignore the financial debacles that have occurred in other sectors of the global economy in connection with reckless speculation in financial derivatives," he asserted, but then cautioned that the commission should define its concerns and assess how much it can do about them.

"Is our concern that some 'snake oil salesman' power marketer will induce a poor defenseless wholesale purchaser to buy a risk-management contract?" Santa queried. "Is it that being a FERC-approved power marketer gives a derivatives seller an air of legitimacy that may facilitate the seduction of unsuspecting customers?"

Even if the concerns are well founded, however, "how much of the market can we reach with our regulation?"

A danger with derivatives is in purchasers crossing the line between hedging and speculation, according to Santa, but he questioned whether regulating marketers will do anything to discipline the buyers of derivatives.

Additionally, he suggested, the Securities & Exchange Commission and the Commodity Futures Trading Commis-

er, as Houston Lighting & Power, in particular, suffered from outages. HL&P lost the 580-MW, coal-fired Parish Unit 8 and the 770-MW Cedar Bayou Unit 1 in the middle of the week. Texas Utilities Electric was making up most of the difference, but sources said TU was apparently keeping its prices down to make sure it kept the business.

The flow of power to HL&P was adding a few dollars to the price of hourly, non-firm energy, according to one source, and keeping north-to-south transfer facilities heavily loaded.

ERCOT also was beginning to see the effect of fall maintenance schedules, which left fewer options than usual for replacing the units that were down. HL&P, for example, already had its 780-MW Cedar Bayou Unit-3 on a scheduled outage.

An unofficial accounting of recent use of the new HVDC East Tie shows that marketers sent a total of about 52,000 MWh of power out of Texas across the tie between Aug. 11, when the first marketer deal was done, and the end of the month.

Only three marketers made use of the tie: Electric Clearinghouse moved about 26,000 MWh; LG&E Power Marketing, 13,900 MWh; and Enron Power Marketing, 12,400.

Sources reported that marketers had moved nothing across the tie since Sept. 2.

One utility source noted, however, that marketers were making some competitive offers to move power into Texas across the tie this week, as the situation in ERCOT tightened. "We're getting close to the point where it's possible," said one source.

HEAT WAVE ALLOWED FLA. IOUs TO TURN THE TABLES: BIG SALES AT HIGH PRICES

The heat wave that blanketed the Southeast U.S. in July allowed Florida's two largest investor-owned utilities, which frequently import energy from the rest of the Southeast in the summer, to sell almost \$8-million worth of power out of state, according to various reports filed with the state Public Service Commission.

During July, temperatures were actually lower in Florida than the rest of the Southeast, where the mercury frequently hit 100 degrees. With some excess generation, Florida Power & Light and Florida Power took advantage of higher prices they could get to the north, selling to players that frequently export power into Florida.

FP&L, the state's largest utility, sold the most economy power to Southern Company, a total of 131,374 MWh at a very attractive average price of \$42.69/MWh, for a total of \$5.6-million. In addition, it made off-system sales to Oglethorpe Power of 28,602 MWh at an average price of \$34.81/MWh for a total of \$995,720.

To put that into perspective, in June, FP&L made no off-system sales to Oglethorpe and its total economy sales amounted to only 31,469 MWh at an average price of \$28.93/MWh for a total of \$910,451, so its power sales income was nearly eight times higher in July.

During the same period, FP&L spent about the same amount to purchase power as it did in June, \$4.9-million for 246,719 MWh at an average price of \$20.01/MWh. Tampa Electric was its biggest provider.

In July, Florida Power, the state's second-largest utility,

sold roughly three times as much as it did in June—thanks to Oglethorpe and the Southeastern Power Authority. Its total economy and off-system sales in July were 115,347 MWh at an average price of \$20.21/MWh for a total of \$2.3-million. A month earlier, it sold 44,085 MWh at an average price of \$17.66/MWh for a total of \$778,758.

Oglethorpe bought 34,805 MWh at an average price of \$25.49 MWh for a total of \$887,024 from Florida Power in July. SEPA purchased 32,376 MWh but at an average price of only \$14.28/MWh for a total of \$462,302.

During July, Florida Power bought about twice as much as it did in June, 49,050 MWh at an average price of \$30.35/MWh for a total of \$1.5-million.

TECO, which sold only to utilities within the state, sold more power, 97,783 MWh more than FP&L, but at a lower average price, \$20.24/MWh, for a total of \$4-million. The previous month it sold 133,287 MWh at an average of \$19.45/MWh for a total of \$2.6-million. In July, TECO bought 1,311 MWh at an average of \$39.96/MWh for a total of \$52,383.

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the previous week to \$17.25/MWh and at the California-Oregon border, the index fell 50 cents to \$18/MWh. In the Southwest, which saw cooler temperatures and lower humidity, the PMW index fell three dollars to \$19/MWh. Midway in Southern California was the only index point in the West that did not move last week, staying at \$21/MWh.

Most sources said the market should stay less than \$20/MWh through the end of the month, but one source said he believed prices would be dropping soon because of a "flurry of block offers" for October. He has received priced at around \$17/MWh.

"If [the players] thought it would do better, we wouldn't get block offers," he said. "Prices will probably drop."

He alluded to "market influences" including fish protection measures that were neither weather driven or market driven that would affect Northwest utilities including BPA in the near term. But he would not elaborate on how those influences would impact the market.

BPA said it has remained in the market this late into the year mostly because of the good water year that boosted its hydro generation. A BPA source also said the mild Northwest summer added to its surplus.

But a California buyer said BPA was keeping prices down below \$20/MWh in an effort to stay competitive. "It is untypical for Bonneville to be in this time of year and prices to be this low," the source said. "I can't remember the last time they were in the market in September."

He said power marketers were forcing BPA and the region's investor-owned utilities to be more competitive with spot prices. BPA is now trying to beat the marketers, who previously bought cheap BPA power and sold it for a higher price, he said.

"BPA doesn't like the middle man coming in," he said. "They are getting more aggressive and trying to beat out the marketers."

He also pointed out that BPA was losing some of its customers to other suppliers and probably would have excess