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September 12, 2003

HAND DELIVERED

Ms. Blanca S. Bayo, Director  
Division of Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance  
Incentive Factor; FPSC Docket No. 030001-EI

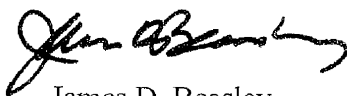
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of Tampa  
Electric Company's Request for Confidential Classification.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this  
letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp  
Enclosure

cc: All Parties of Record (w/enc.)

DOCUMENT NUMBER DATE

08651 SEP 12 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased )  
Power Cost Recovery Clause )  
with Generating Performance )  
Incentive Factor. )  
\_\_\_\_\_ )

DOCKET NO. 030001-EI  
FILED: September 12, 2003

**TAMPA ELECTRIC COMPANY'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Tampa Electric Company ("Tampa Electric" or "the company") hereby requests confidential treatment of portions of pages 17, 18, 19, 29 and 30 of the Prepared Direct Testimony of Tampa Electric witness Joann T. Wehle; Document No. 1, Page 2 of 2, of Ms. Wehle's Exhibit (JTW-2) and pages 4 and 8 of the Prepared Direct Testimony of Tampa Electric witness Benjamin F. Smith, all of which are being simultaneously filed herewith in the above docket. In support thereof, the company says:

1. Tampa Electric is simultaneously filing under separate cover letter a highlighted version of the above-referenced pages of Ms. Wehle's Prepared Direct Testimony and Exhibit and the Prepared Direct Testimony of Mr. Smith. Tampa Electric is also filing 10 copies of Ms. Wehle's Prepared Direct Testimony and Exhibit and Mr. Smith's testimony with the confidential information redacted.

2. The highlighted portions of the above-referenced testimony and exhibit are entitled to confidential classification and protection from public disclosure in that they constitute proprietary confidential business information under Section 366.093, Florida Statutes. Attached hereto as Exhibit "A" is a detailed justification for the confidential classification requested herein.

3. Tampa Electric requests that the highlighted information in Ms. Wehle's Direct Testimony and Exhibit and in Mr. Smith's Direct Testimony be protected from public disclosure through September 12, 2005. Public disclosure of the information prior to that date could adversely affect the competitive interests of Tampa Electric's affiliates and Tampa Electric itself and thereby adversely affect Tampa Electric customers.

4. The information sought herein to be treated as confidential has been recognized by the Commission to constitute proprietary confidential business information which is entitled to protection against public disclosure under Section 366.093, Florida Statutes.

5. Tampa Electric requests that the information for which Tampa Electric seeks confidential classification not be declassified until the date specified in Exhibit "B" to this request. The time periods requested are necessary to allow Tampa Electric's affiliated transportation companies to negotiate future contracts without their competitors (and other customers) having access to information which would adversely affect the ability of these affiliates to negotiate future contracts. In addition, the duration of confidential treatment requested with respect to matters relating to Tampa Electric's risk management efforts will avoid compromising Tampa Electric's ability to contract for goods and services on favorable terms. The period of time requested will ultimately protect Tampa Electric and its customers.

6. The material for which classification is sought is intended to be and is treated by Tampa Electric and its affiliates as confidential private information and has not been disclosed publicly.

WHEREFORE, Tampa Electric submits the foregoing in support of its request for confidential classification of the highlighted information contained in the Prepared Direct Testimony and Exhibit of Ms. Wehle and in the Prepared Direct Testimony of Mr. Smith.

DATED this 12<sup>th</sup> day of September, 2003.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lee L. Willis", is written over a horizontal line.

LEE L. WILLIS  
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Ausley & McMullen  
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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Classification filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (\*) on this 12<sup>th</sup> day of September 2003 to the following:

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\_\_\_\_\_  
ATTORNEY

September 12, 2003

**DETAILED JUSTIFICATION FOR CONFIDENTIAL CLASSIFICATION**

**Prepared Direct Testimony of Witness Joann T. Wehle**  
**(Highlighted Information on pages 17, 18, 19, 29 and 30)**

All of the highlighted information on the referenced pages discloses confidential terms and conditions under an existing contract between Tampa Electric and TECO Transport. Disclosure of this information would not only impair the efforts of Tampa Electric to contract for goods and services on favorable terms, but would also harm the competitive interests of Tampa Electric's transportation affiliates by disclosing to their competitors and would-be customers information useful to them in negotiations with Tampa Electric's affiliates. Section 366.093, Florida Statutes, at subsections (3)(d) and (e) specifically state that proprietary confidential business information includes information concerning contractual data, the disclosure of which would impair the efforts of a public utility or its affiliates to contract for goods and services on favorable terms as well as information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.

Specific terms and conditions of coal and coal transportation contracts between public utilities and the providers of those goods and services has been recognized on numerous occasions by the Commission to constitute proprietary confidential business information qualifying for confidential treatment under Section 366.093, Florida Statutes.

**Exhibit (JTW-2), Document 1, Page 2 of 2**

The total price and the weighted average per ton water transportation price from all Tampa Electric coal sources shown on line 1 is entitled to confidential classification under Section

Exhibit "A"

366.093(3)(d) and (e), Fla. Stat. Disclosure of this information would impair the efforts of Tampa Electric to contract for goods and services on favorable terms. In addition, it would harm the competitive interests of Tampa Electric's transportation affiliates and thereby ultimately harm Tampa Electric and its customers. The prices shown on line 1 can be used with other publicly available data to determine the segmented transportation prices for river barge transportation services as well as ocean barge transportation services. There exists vigorous competition among suppliers of these transportation services and any public disclosure of prices charged by Tampa Electric's affiliates would eliminate any negotiating leverage which the affiliates have in marketing their services to others.

The market for bulk commodity transportation is very competitive. Aside from the coal transportation services performed for Tampa Electric, the TECO Transport and Trade affiliates currently transport coal and other bulk commodities for other customers as well. The affiliates anticipate that additional markets for coal will soon develop in Florida for both industrial and electric power generation purposes, and hope to capture a portion of the transportation demand created by those markets. This market is very competitive.

Tampa Electric's transportation affiliates are not engaged solely in the one-way transportation of coal, however, Mid-South Towing Company has provided, and continues to provide, both upstream and downstream transportation services for other bulk commodities, including grain and phosphate products. Electro-Coal Transfer Corporation is involved in the direct vessel-to-vessel transfer of grain and other bulk commodities in addition to the transfer of coal and coke on diverse routes, including phosphates from Florida to New Orleans, and grain from New Orleans to international markets.

As commercial enterprises, the affiliates face significant competition for each of the other transportation, transfer and storage services that they perform. Operators on the inland waterways include approximately 2,000 individual carriers. In size these carriers range from operators of single towboats to those operating large fleets of vessels and barges. Only a very small percentage of inland waterway traffic is subject to regulation. Exempt carriers are not required to publish revenues, operating data rates or financial information.

With reference to the river transportation of coal and other bulk commodities, Mid-South Towing Company's principal competitors include, among others: the Ohio River Company; American Commercial Barge Line Company; Dravo Mechling Corporation; and The Valley Line Company. Mid-South Towing also faces intermodal competition from the railroads.

Electro-Coal Transfer Corporation competes with others for the performance of transfer and storage services. Electro-Coal's principal competitors with both shoreside transfer and ground storage capabilities are: International Marine Terminal; Burnside Terminals, Inc.; and New Orleans Bulk Terminal. A portion of the transfer market is also served by companies whose operations are mid-stream in the Mississippi River. Principal among these is Cooper-Smith Company.

Finally, Gulfcoast Transit Company competes with many other companies to provide ocean-going tug and barge transportation service. Principal among those competitors are: Dixie Carriers, Inc.; Sheridan Towing Company; Red Circle Transport Company; and Beker Industries, Inc.

Disclosing the amounts charged by these affiliates to Tampa Electric would permit the affiliates' other customers, who may be paying higher prices for similar services, to bargain for more favorable terms from the affiliates.

The (over\under) benchmark shown on line 3 requires confidential protection for the same reasons as the total price and weighted average per ton water transportation price shown on line 1,



because the information on line 3 is an arithmetic function of lines 1 and 2. Disclosure of the amount on line 3 would enable competitors to determine the value of line 1. Therefore, the line 2 figure is entitled to confidential protection for the same reasons as the amounts shown on line 1.

The total transportation cost shown on line 5 and in the description of the line 1 amount is entitled to confidential protection because it, too, is an arithmetic function of the total tons transported shown in line 4 and the weighted average water transportation price shown in line 1. Therefore, the total transportation cost is entitled to confidential protection for the same reasons referred to above with respect to the line 1 amount.

The total cost (over\nder) benchmark amount shown on line 7 is also an arithmetic function of the preceding lines which can be used to calculate the weighted average water transportation cost shown on line 1. Therefore, the line 7 amount is entitled to confidential protection for the same reasons cited above with respect to the amount shown on line 1.

The prior years' cumulative benefit shown on line 8 is, likewise, entitled to confidential protection. This number is an arithmetic function of the prior years' weighted average price for transportation services and its disclosure would enable a competitor to determine that weighted average price from the total tons transported.

The net benefit of 1988-2001 shown on line 9 is, likewise, entitled to confidential protection. This number is an arithmetic calculation of lines 7 and 8, disclosure of which would allow a competitor to calculate those amounts. Therefore, line 9 is entitled to confidential protection for the same reasons as the amounts on lines 7 and 8.

**Prepared Direct Testimony of Benjamin F. Smith**

The values highlighted in yellow on page 4, lines 3 and 5, and on page 8, line 16, of Mr. Smith's testimony disclose Tampa Electric's purchased power strategy in terms of the company's mix of long-term contracts and short-term market purchases. This is information relating to competitive interests, the disclosure of which would impair the competitive business of Tampa Electric. Such information is specifically included in the definition of proprietary confidential business information in Section 366.093(3), Florida Statutes. As such, this information is entitled to confidential protection and exemption from the Public Records Law.

Disclosure of the highlighted information in Mr. Smith's testimony would disclose not only the company's purchasing strategy with respect to purchased power, but also the company's planned risk exposure. Those who have an interest in supplying Tampa Electric's purchased power needs could use this valuable information to help them force more favorable terms, to the detriment of Tampa Electric and its ratepayers, than would otherwise be the case. They could learn of the company's plans and needs and use that information in exacting better prices for meeting those needs.

The need for confidential protection of the information highlighted on pages 4 and 8 of Mr. Smith's Prepared Direct Testimony is very similar to the need for confidential classification of highlighted portions of the company's risk management plan which have been deemed by the Commission to be entitled to protection under Section 366.093, Florida Statutes.

**Date of Declassification:**

| <u>DOCUMENT</u>                                   | <u>PAGE NO.</u> | <u>LINE NO.</u> | <u>DATE</u>        |
|---|-----------------|-----------------|--------------------|
| Prepared Direct Testimony<br>of Joann T. Wehle    | 17              | 16-22           | September 12, 2005 |
|   | 18              | 9-25            | September 12, 2005 |
|   | 19              | 1-9             | September 12, 2005 |
|   | 29              | 2-25            | September 12, 2005 |
|   | 30              | 1-4             | September 12, 2005 |
| Exhibit (JTW-2)<br>(Document No. 1, Page 2 of 2)  | 34              | 4,6,8,12,13,14  | September 12, 2005 |
| Prepared Direct Testimony<br>of Benjamin f. Smith | 4               | 3 and 5         | September 12, 2006 |
|   | 8               | 16              | September 12, 2006 |

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**Rationale:**

Coal Transportation Contract Information

1. Tampa Electric seeks protection of the coal transportation contract information specified as confidential for a minimum period of two years.

2. The need for two or more years of confidentiality is vital not only to Tampa Electric and its ratepayers, but to the vendors of coal transportation services as well.

3. TECO Transport & Trade markets bulk commodity transportation services in the open non-regulated marketplace. The prices at which its services are sold are not publicly disclosed anywhere by publication or voluntary dissemination because it would materially lessen their competitive posture with customers other than Tampa Electric. Outside customers who negotiate for coal transportation services are placed at a competitive advantage for these goods or services if they know the cost of the services.

4. An analyst for an outside customer of TECO Transport who reads the written transcripts of public fuel hearings or reads the written orders of the FPSC can easily discover that until November 1, 1988, Tampa Electric paid cost for coal transportation from TECO Transport. Further, the publication of the stipulation agreement between the parties in 1988 indicated that the initial benchmark price was close to cost and subsequent testimony indicates the revised contract escalates from cost.

5. As long as an outside customer does not know how such an escalation clause changes price, the cost cannot be calculated. However, publicizing the price of coal transportation

services will tell an outside customer how much the escalation has been and make it easy for him to calculate cost. Because of seasonality of costs in this business, a full year's cost data is necessary for an accurate cost measurement.

6. A second year must pass before one full year can be compared with a second year to measure the escalation accurately. So a perceptive vendor seeks two years of data to make his cost estimates. The competitive industries recognize that data beyond two years is not helpful to them, as enough factors may change in that time frame for costs to be much different from what was incurred. Any date less than two full years old is extremely valuable to outside customers in contracting for services with TECO Transport. The difference of small amounts per ton can mean millions of dollars' difference in cost.

7. A loss of outside business by TECO Transport will affect not only TECO Transport, but if large enough it could affect the credibility of the company. The prices negotiated with Tampa Electric by this vendor took into consideration its costs and revenues at the time of negotiation, including the revenues from outside customers. A significant loss of outside business could cause TECO Transport to fail, since under market pricing regulation Tampa Electric will not make up the difference to it in cost. In turn, a failure of this vendor would leave Tampa Electric and its customers with only higher cost alternatives for coal transportation to Tampa, a higher cost that would be paid by Tampa Electric's ratepayers. So the continued credibility of TECO Transport is important to protect Tampa Electric's ratepayers from higher cost alternatives.

8. The above rationale for a two-year confidential protection of the coal transportation contract information has been approved by the Commission in this docket. (See, e.g., Order No. PSC-96-0995-CFO-EI, issued August 5, 1996.)

### **Purchased Power Strategy**

9. Tampa Electric requests that the purchased power strategy information set forth in highlighted form in Mr. Smith's direct testimony, at page 4, lines 3 and 5, and page 8, line 16, be treated confidentially for a minimum of three years. This information is derived from the company's risk management plan which provides detailed strategies many of which are of a continuing nature and which could well be in place beyond the standard eighteen month period that confidential information is treated by the Commission as such. The various risk management strategy components build upon each other and disclosing the company's basic plan sooner than three years after it is submitted would arm would-be suppliers of goods and services, as well as competitors of Tampa Electric, with the bulk of the plan's components. A minimum of three years is essential to prevent those entities in the fuel and purchased power markets from having access to information they could use to the competitive disadvantage of Tampa Electric, which would increase the purchases power costs borne by Tampa Electric's customers. The same applies to the highlighted information on pages 4 and 8 of Mr. Smith's testimony as this information constitutes key components of the plan.