

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power
Cost Recovery Clause and
Generating Performance Incentive
Factor

DOCKET NO. 970001-EI
ORDER NO. PSC-97-1559-CFO-EI
ISSUED: December 11, 1997

ORDER GRANTING CONFIDENTIAL CLASSIFICATION FOR PORTIONS OF
THE INFORMATION CONTAINED IN TAMPA ELECTRIC COMPANY'S 423 FORMS
FOR MAY, 1997 (DOCUMENT NO.06782-97)

Tampa Electric Company (TECO), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, has requested specified confidential treatment for FPSC form 423-1(a), 423-2, 423-2(a), 423-2(b), and 423-2(c) for the month of May, 1997. The confidential information is located in Document No. 06782-97. According to TECO, the information contained in TECO's May, 1997, 423 Forms constitutes contractual data the disclosure of which would impair the efforts of the utility to contract for goods or services on favorable terms. TECO maintains that the information contained in these filings is proprietary confidential business information which is intended to be and is treated by Tampa Electric and its affiliates as private and has not been disclosed. TECO argues that the information for which it seeks confidential treatment is entitled to protection from disclosure pursuant to section 366.093(1) and (3)(d), Florida Statutes.

TECO seeks confidential treatment for the information contained in Form 423-1(a) lines 1 through 28 of column H. TECO argues that this information is contractual information which, if made public, "would impair the efforts of Tampa Electric to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information shows the price which TECO has paid for No. 2 fuel oil per barrel for specific shipments from specific suppliers. This information would allow suppliers to compare an individual supplier's price with the market price "for that date of delivery" and thereby determine the contract pricing formula between Tampa Electric and that supplier. TECO asserts that disclosure of the invoice price would allow suppliers to determine the contract price formula of their competitors. The knowledge of each other's prices would give suppliers information with which to actually control the pricing in No. 2 oil by either all quoting a particular price or adhering to

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a price offered by a major supplier. TECO claims the this could reduce or eliminate any opportunity for a major buyer, like TECO, to use its market presence to gain price concessions from any individual supplier. The end result is reasonably likely to be increased No. 2 fuel oil prices and, therefore, increased electric rates for TECO's customers.

TECO maintains that the information contained in lines 1-28, columns I through O of Form 423-1(a) is entitled to confidential treatment because it is contractual data formed of algebraic functions of the invoice information contained in column H. Thus, the publication of these columns either together or independently could allow a supplier to derive the invoice price of No. 2 oil paid by TECO.

Additionally, TECO seeks confidential classification for lines 1 through 28 of column M of Form 423-1(a) because TECO may reject fuel that does not meet contract requirements, or it may accept the shipment and apply a quality adjustment. TECO argues that the information in these lines operates in the same way as a pricing term and is as important as price itself and should be granted confidential treatment for the same reasons given for the protection of price concessions.

TECO also requests confidential classification for the information contained in lines 1 through 28 of column N of Form 423-1(a). TECO contends that because this column is as important as column H because of the relatively few times that there are quality or discount adjustments. That is, column N will equal column H most of the time. Consequently, TECO argues column N is entitled to confidential treatment for the same reasons as are price concessions described above in relation to column H.

BIG BEND STATION

TECO asserts that the information contained in lines 1 through 10 of column G of Form 423-2 "Electro-Coal Transfer Facility--Big Bend Station (1)" is entitled to confidential treatment because disclosure of the effective purchase price "would impair the efforts of Tampa Electric to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes. Additionally, publishing the purchase price would enable competitors to ascertain the total transportation charges by subtracting the effective purchase price from the delivered price at the transfer facility which is shown in column I. Any

competitor with knowledge of the total transportation charges would be able to use that information in conjunction with the published delivered price at the Electro-Coal Transfer Facility to determine the segmented transportation costs, i.e., the separate breakdown of transportation charges for river barge transport and for deep water transportation across the Gulf of Mexico from the transfer facility to Tampa. It is this segmented transportation cost data which is proprietary and confidential. The disclosure of the segmented transportation costs would have a direct impact on Tampa Electric's future fuel and transportation contracts by informing potential bidders of current prices paid for services provided. That harm which would flow to TECO and its customers from such disclosure, was the subject of Prepared Direct Testimony of Mr. John R. Rowe, Jr. on behalf of TECO in Docket No. 860001-EI-D. In the Commission's Order No. 12645 issued in Docket 830001-EU, the Commission recognized the sensitivity of information such as is contained in column G lines 1 through 10 of Form 423-2. TECO also maintains that the information contained in lines 1 through 8 column G of Form 423-2 should be given confidential treatment because disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. This information would inform other potential suppliers as to the price TECO is willing to pay for coal. This would give present and potential coal suppliers information which could be harmful to TECO's interests in negotiating coal supply agreements.

Related to the information contained in column G, lines 1 through 10 is the information contained in Form 423-2 column H, lines 1 through 10. TECO asserts that this information, if disclosed, "would impair the efforts of Tampa Electric to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes. As stated in the paragraph above, columns G and H both require confidential classification because disclosure of either column will enable competitors to determine the segmented transportation charges. Accordingly, the same reasons discussed in the paragraph above likewise apply to column H.

TECO argues that certain information found on Form 423-2(a) "Electro-Coal Transfer Facility--Big Bend Station (1)" requires confidential treatment. TECO asserts that the information found in lines 1 through 10, columns H through L of Form 423-2(a) should be granted confidential classification. Column H should be granted confidential classification because the information contained in column H would allow a competitor to "back into" the segmented

transportation cost. Column J should be granted confidential classification because this information would enable a competitor to back into the segmented transportation cost using the publicly disclosed delivered price at the Electro-Coal Transfer Facility. This would be done by subtracting the base price per ton from the delivered price at Electro-Coal, thereby revealing the river barge rate. Such disclosure "would impair the efforts of Tampa Electric to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information in column L, lines 1-10, should be granted confidential classification because if it is publicly disclosed, it would enable a competitor to back into the segmented waterborne transportation costs using the already publicly disclosed delivered price of coal at the Electro-Coal Transfer Facility. Such a disclosure "would impair the efforts of Tampa Electric to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO contends that the information contained in lines 1 through 10 of column G, Form 423-2(b) should be granted confidential classification because disclosure of the effective purchase price in column G "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Such disclosure would enable a competitor to "back into" the segmented transportation cost using the publicly disclosed delivered price for coal at the Electro-Coal Transfer Facility. This would be done by subtracting the effective purchase price per ton from the price per ton delivered at Electro-Coal, thereby revealing the river barge rate.

TECO contends that the information contained in lines 1 through 10 of column I, Form 423-2(b) should be granted confidential classification because disclosure of the rail rate per ton would adversely affect the ability of Tampa Electric affiliate, Gatliff Coal, to negotiate favorable rail rates. Disclosure of the rail rates paid would effectively eliminate any negotiating leverage and could lead to higher rail rates. This would work to the ultimate detriment of TECO and its customers. Accordingly, disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO maintains that the information contained in lines 1 through 10 of columns K through P, Form 423-2(b) is entitled to confidential treatment because these columns contain information the disclosure of which "would impair the efforts of Tampa Electric

to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Each of these columns provides specific information on segmented transportation costs which are the primary objects of this request.

TECO seeks protection for Form 423-2, 423-2(a) and 423-2(b) "Big Bend Station" as well. Specifically, TECO seeks confidential protection for the information at line 1, columns G and H of Form 423-2. TECO argues that disclosure of the effective purchase price "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO asserts that a competitor could subtract the information in column H from that in column I to obtain the segmented transportation cost including transloading and ocean barging. In addition, the information in column H should be granted confidential treatment because its disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO requests confidential treatment of both columns G and H to prevent a competitor from determining the segmented transportation charges.

TECO asserts that the information contained in Form 423-2(a) line 1 columns H, J and L are entitled to confidential treatment as well. TECO asserts that line 1 of column H should be granted confidential treatment because if the original invoice price is made public, a competitor can subtract the original invoice price from the publicly disclosed F.O.B. plant price at the Electro-Coal facility and thereby determine the segmented terminalling and ocean barge transportation costs. Disclosure of the terminalling and ocean barge costs "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information contained at line 1 column J, like that contained in column H, would enable a competitor to "back into" the segmented transportation cost using the publicly disclosed F.O.B. plant price. This would be done by subtracting the base price per ton from the F.O.B. plant price at Big Bend Station, thereby revealing the terminalling and ocean barge rate. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO argues that the information in column L, line 1, if publicly disclosed, would enable a competitor to back into the segmented terminalling and ocean barge transportation costs using the already publicly disclosed F.O.B. plant price at Big Bend Station. Such disclosure "would impair the efforts of Tampa Electric to contract for goods

and services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO maintains that the information contained in Form 423-2(b) line 1 columns G, I, K, L, M, N, O and P is entitled to confidential treatment. Specifically, TECO argues that disclosure of the effective purchase price in column G "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Disclosure of the effective purchase price per ton would enable a competitor to "back into" the segmented transportation cost using the publicly disclosed F.O.B. plant price for coal. This would be done by subtracting the effective purchase price per ton from the F.O.B. plant price per ton at Big Bend Station, thereby revealing the terminalling and ocean barge rate. TECO argues that disclosure of the rail rate per ton would adversely affect the ability of TECO and its affiliate to negotiate favorable rail rates with the various railroads serving areas in the vicinity of TECO's coal suppliers. TECO argues that the information in column I, line 1 is entitled to confidential classification. Disclosure of the rail rates paid contained in this column would effectively eliminate any leverage and lead to higher rail rates. This would work to the ultimate detriment of TECO and its customers. Accordingly, TECO argues, disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO argues that the information in line 1 of columns K, L, M, N, O and P, if disclosed, "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO maintains that each of these columns provides specific information on segmented transportation costs which are the primary objects of this request for confidential treatment.

GANNON STATION

TECO contends that the information contained in Form 423-2 "Electro-Coal Transfer Facility - Gannon Station," lines 1 through 4 columns G and H is entitled to confidential treatment because it is the same information reported for the Big Bend station, only it pertains to the Gannon Station. TECO argues that disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO asserts that both columns G and H need confidential protection to prevent a competitor from

"backing into" the segmented transportation charges. Additionally, TECO claims that disclosure of the effective purchase price of Gatliff coal "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO argues that the information contained in lines 1 through 4 of column H, J and L of Form 423-2(a) contains information which if disclosed "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Specifically, TECO argues that if the original invoice price is made public, one can subtract the original invoice price from the publicly disclosed delivered price at the Electro-Coal Transfer Facility and thereby determine the segmented river transportation cost. Disclosure of the river transportation cost "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information in column J, like that in column H, would according to TECO allow a competitor to "back into" the segmented transportation cost using the publicly disclosed delivered price at the Electro-Coal Transfer Facility. This would be done by subtracting the base price per ton from the delivered price at Electro-Coal, thereby revealing the river barge rate. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO maintains that the information in column L, if publicly disclosed, would enable a competitor to back into the segmented waterborne transportation costs using the already publicly disclosed delivered price of coal at the Electro-Coal Transfer Facility. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO asserts that information contained in columns G, I, K, L,, M, N, O, and P lines 1-4 of its May, 1997 Form 423-2(b) for Electro-Coal Transfer Facility--Gannon Station is entitled to confidential treatment. Specifically, TECO requests that the information contained in column G lines 1-4 be granted confidential treatment because disclosure of the effective purchase price contained in column G "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Disclosure of the original invoice price per ton would enable a competitor to "back into" the segmented transportation cost using the publicly disclosed

delivered price at the Electro-Coal Transfer Facility. This would be done by subtracting the original invoice price per ton from the price per ton delivered at Electro-Coal, thereby revealing the river barge rate. TECO requests that the information in lines 1-4 of Column I, Form 423-2(b) also be granted confidential treatment because disclosure of the rail rate per ton would adversely affect the ability of TECO and its affiliates to negotiate favorable rail rates with the various railroads serving areas in the vicinity of the river terminals used by TECO's affiliate, Gatliff Coal Company. This coal is shipped from different terminals which affords Gatliff some leverage in negotiating with the railroads. Disclosure of the rail rates paid would effectively eliminate this leverage and lead to higher rail rates. This would work to the ultimate detriment of TECO and its customers. Accordingly, disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO contends that columns K, L, M, N, O, and P lines 1-4 also contain information the disclosure of which "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Each of these columns provides specific information on segmented transportation costs which are the primary objects of this request.

TECO requests confidential treatment for information contained in Forms 423-2, 423-2(a) and 423-2(b) for the Gannon Station. Specifically, TECO argues that the information in lines 1-3 column G of Form 423-2 is the same as reported on Form 423-2 for the Big Bend station. TECO asserts that disclosure of the effective purchase price "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO also requests that the information in lines 1-3 of column H be given confidential treatment. TECO argues that the disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO claims that, essentially, both columns need confidential treatment in order to prevent a competitor from determining the segmented transportation charges.

Additionally, TECO contends that the information contained in Form 423-2(a) lines 1-3 at columns H, J and L is entitled to confidential treatment. TECO argues that if the original invoice price, column H, is made public, a competitor can subtract the original invoice price from the publicly disclosed F.O.B. price at Gannon Station and thereby determine the segmented terminalling and

ocean barge transportation cost or rail rate. Disclosure of these transportation costs "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO contends that the information in column J, like that contained in column H, would enable a competitor to "back into" the segmented transportation cost using the publicly disclosed delivered price at Gannon Station. This could be done by subtracting the base price per ton from the F.O.B. Plant price at Gannon Station, thereby revealing the terminalling and ocean barge rate or rail rate. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO asserts that the information in column L, lines 1-2 also requires confidential treatment because if it is publicly disclosed, it would enable a competitor to back into the segmented terminalling or ocean barge transportation costs or rail rate using the already publicly disclosed F.O.B. plant price of coal at Gannon Station. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO asserts that the information contained in Form 423-2(b) lines 1-3 columns G, I, K, L, M, N, O and P also requires confidential treatment. Specifically, TECO argues that the information contained in column G, effective purchase price, if disclosed, "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Disclosure of the effective purchase price per ton would enable a competitor to "back into" the segmented transportation costs using the publicly disclosed F.O.B. plant price for coal at Gannon Station. This would be done by subtracting the effective purchase price per ton from the F.O.B. plant price per ton at Gannon Station, thereby revealing the terminalling and ocean barge rate. TECO argues that disclosure of the rail rate per ton would adversely affect the ability of TECO and its affiliate to negotiate favorable rail rates with the various railroads serving areas in the vicinity of TECO's coal suppliers. Disclosure of the rail rates paid would effectively eliminate any leverage and lead to higher rail rates. This would work to the ultimate detriment of TECO and its customers. Accordingly, TECO argues, disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO argues that the information in lines 1-3 of columns K, L, M, N, O and P, if disclosed, "would impair the efforts of

Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO maintains that each of these columns provides specific information on segmented transportation costs which are the primary objects of this request for confidential treatment.

POLK STATION

TECO also requests confidential treatment for Electro-Coal Transfer Facility - Polk Station, Form 423-2 for June, 1997. TECO seeks confidential treatment for line 1 columns G and H because this information is the same as reported on the earlier Form 423-2 with the exception that this form pertains to Polk Station as opposed to Big Bend Station. Disclosure of the effective purchase price "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. This same rationale is given for seeking protection of the information at line 1 column H. TECO asserts that essentially, both columns G and H need confidential protection to prevent a competitor from determining the segmented transportation charges.

Also at the Polk Station, TECO seeks confidential treatment for line 1 columns H, J and L of form 423-2(a). Specifically, TECO argues that if the original invoice price is made public, competitors can subtract the original invoice price from the publicly disclosed F.O.B. price at Polk Station and thereby determine the segmented terminalling and ocean barge transportation cost or rail rate. Disclosure of the river transportation cost "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information in column J, like that in column H, would, according to TECO, allow a competitor to "back into" the segmented transportation cost using the publicly disclosed delivered price at Polk Station. This would be done by subtracting the base price per ton from the F.O.B. plant price at Polk Station, thereby revealing the terminalling and ocean barge rate or rail rate. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO maintains that the information in column L, if publicly disclosed, would enable a competitor to back into the segmented terminalling or ocean barge transportation costs or rail rate using the already publicly disclosed F.O.B. plant price of coal at Polk Station. Such disclosure "would impair the efforts of Tampa Electric to contract

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for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO seeks confidential classification for information on Form 423-2(b), Electro-Coal Transfer Facility at Polk Station at line 1 column G because disclosure of the effective purchase price in column G would impair the efforts of TECO "to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes. Disclosure of the effective purchase price per ton would enable a competitor to "back into" the segmented transportation cost by using the publicly disclosed F.O.B. plant price for coal at Polk Station. This would be done by subtracting the effective purchase price per ton from the price per ton delivered at Polk Station, thereby revealing the terminalling and ocean barge rate or rail rate. Additional justification appears in the rationale for confidentiality of column G of Form 423-2 for Big Bend Station. TECO asserts that column I, line 1 is entitled to confidential treatment because disclosure of the rail rate per ton would adversely affect the ability of TECO affiliate, Gatliff Coal, to negotiate favorable rail rates. Disclosure of the rail rates paid would effectively eliminate any negotiating leverage and could lead to higher rail rates. This would work to the ultimate detriment of TECO and its customers. Accordingly, disclosure of this information would impair the efforts of TECO "to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO maintains that columns K, L, M, N, O and P of Form 423-2(b) are also entitled to confidential treatment. These columns contain information the disclosure of which would impair the efforts of TECO "to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes. Each of these columns provides specific information on segmented transportation costs which are the primary objects of this request. Additional justification appears in the rationale for confidentiality for column G, Form 423-2, Big Bend Station.

TECO asserts that information contained in Forms 423-2, 423-2(a) and 423-2(b) for Polk Station is also entitled to confidential treatment. Specifically, TECO argues that line 1 of column G, Form 423-2 is entitled to confidential treatment because this information is the same as reported on the earlier Form 423-2 with the exception that this form pertains to Polk Station as opposed to Big Bend Station. Disclosure of the effective purchase price "would impair the efforts of Tampa Electric to contract for goods

and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Similarly, TECO contends that the information on line 1 of column H is also entitled to confidential treatment because the disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes, for the same reasons asserted for the confidentiality of information pertaining to Big Bend Station's Form 423-2.

TECO argues that the information contained in Form 423-2(a) line 1 columns H, J and L is also entitled to confidential classification. TECO argues that if the original invoice price, column H, is made public, a competitor can subtract the original invoice price from the publicly disclosed F.O.B. price at Polk Station and thereby determine the segmented terminalling and ocean barge transportation cost or rail rate. Disclosure of these transportation costs "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information in column J, like that in column H, would enable a competitor to "back into" the segmented transportation cost using the publicly disclosed delivered price at Polk Station. This would be done by subtracting the base price per ton from the F.O.B. plant price at Polk Station, thereby revealing the terminalling and ocean barge rate or rail rate. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information in column L, if publicly disclosed, would enable a competitor to back into the segmented terminalling or ocean barge transportation costs or rail rate using the already publicly disclosed F.O.B. plant price of coal at Polk Station. Such disclosure "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes.

TECO contends that the information contained in Form 423-2(b) line 1 columns G, I, K, L, M, N, O and P is also entitled to confidential classification. Specifically, TECO asserts that disclosure of the effective purchase price in column G "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. Disclosure of the effective purchase price per ton would enable a competitor to "back into" the segmented transportation cost using the publicly disclosed F.O.B. plant price for coal at Polk Station. This would be done by subtracting the effective purchase price per ton from the price per ton delivered at Polk

Station, thereby revealing the terminalling and ocean barge rate or rail rate. Disclosure of the rail rate per ton, column I, would adversely affect the ability of TECO's affiliate, Gatliff Coal, to negotiate favorable rail rates. Disclosure of the rail rates paid would effectively eliminate any negotiating leverage and could lead to higher rail rates. This would work to the ultimate detriment of TECO and its customers. Accordingly, disclosure of this information "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO contends that columns K, L, M, N, O and P contain information the disclosure of which "would impair the efforts of Tampa Electric to contract for goods and services on favorable terms." Section 366.093(3)(d), Florida Statutes. TECO asserts that each of these columns provides specific information on segmented transportation costs which are the primary objects of this request.

DECLASSIFICATION

Fuel Oil Contract Data

TECO requests confidential treatment for the fuel oil contract data contained in: Form 423-1(a) at lines 1-28, columns H-O; Form 423-2 at lines 1-10, columns G-H; Form 423-2(a) at lines 1-10, columns H, J and L; and, Form 423-2(b) at lines 1-10, columns G, I, K, L, M, N, O and P. Tampa Electric requests that the confidential information relating to fuel oil contract data not be declassified until at least two years after it is classified confidential. Ideally, TECO's interests would be best protected by adopting a declassification date which is at least 6 months beyond the last day of the contract period under which the goods identified on Form 423-1(a) were purchased. TECO's ability to negotiate future contracts for No. 2 and No. 6 oil would reasonably likely be impaired if pricing information as described above were disclosed during the contract period or prior to the negotiation of a new contract. TECO typically renegotiates its No. 2 and No. 6 fuel oil contracts and fuel related services contracts prior to the end of such contracts. Occasionally some contracts are renegotiated after the end of the current contract period. In this situation, renegotiations are normally completed within six months. Therefore, it is necessary to maintain the confidentiality of the information identified as confidential on Form 423-1(a) for six months after the end of the individual contract period the information relates to. TECO's No. 2 contract was renegotiated effective October 1, 1990. Its No. 6 contract was renegotiated effective September 1,

1990. In many instances the declassification date proposed above would be beyond two years from the date the information is classified. Therefore, and in order to simplify the determination of a date of declassification date, TECO is willing to settle for a declassification date which is two years from the date the material in question is initially classified. This will avoid having to refer to contract expiration dates which vary from contract to contract. At the same time, it will afford TECO some minimum period of protection from having this sensitive information disclosed publicly.

Coal and Coal Oil Transportation Data

TECO also seeks protection of the coal and coal transportation contract information specified as confidential for a minimum period of two years. The need for two or more years of confidentiality is vital not only to TECO and its ratepayers, but to the vendors of coal and coal transportation services as well. Bidders for the sale of coal will always seek to optimize their profit margin, Full knowledge of the prices paid by the utility for coal enables the bidder to increase the price bid which will ultimately work to the detriment of the ratepayer. TECO firmly believes that the disclosure of information on prices paid within the last two years will increase the price TECO will be required to pay for coal and will be detrimental to ratepayers.

Recent bids received by TECO contained a \$4.17 per ton spread between the bids. TECO contends that the low bid would have been higher with full knowledge of prices paid by TECO. Bidders will always seek to optimize their profits by submitting bids that are as high as the market will bear. If market data is disclosed which discourages suppliers from bidding competitively, they will increase their bids to the level of past payments to other suppliers by the buyer.

The disclosure of rail transportation rates will result in demands by other shippers to lower any rates which are above the disclosed rates. The effect of disclosure will be to increase the lower rate as the transportation provided will seek to protect the rates charged on other routes. The delay of this disclosure for two years will be of direct benefit to ratepayers by delaying any increases that might occur as a result of such disclosure. Gatliff Coal and TECO Transport and Trade sell coal and bulk commodity transportation services in the open non-regulated marketplace. The prices at which their goods and 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 TECO. Outside customers who negotiate for coal or coal transportation services are placed at a competitive advantage for these goods or services if they know the cost of the goods or services. An analyst for an outside customer of Gatliff or 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, TECO paid cost for coal from Gatliff and 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. 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 or of coal transportation service will tell an outside customer how much the escalation has been and make it easy to calculate cost. Because of seasonality of costs in both businesses, a full year's cost data is necessary for an accurate cost measurement. A second year must pass before one full year can be compared with a second year to measure the escalation accurately. Therefore, a perceptive vendor seeks two years of data to make his cost estimates. Competitive industries recognize that data beyond two years is not helpful to them because enough factors may change in that time frame for costs to be much different from what was incurred. Any data less than two full years old is extremely valuable to outside customers in contracting for services with Gatliff or TECO Transport. The difference of small amounts per ton can mean millions of dollars' difference in cost.

A loss of outside business by Gatliff or TECO Transport will affect not only Gatliff or TECO Transport, but, if large enough, it could affect the credibility of the companies. The prices negotiated with TECO by these vendors took into consideration their costs and revenues at the time of negotiation, including the revenues from outside customers. A significant loss of outside business could cause Gatliff or TECO Transport to fail, because under market pricing regulation TECO will not make up the difference to them in cost. In turn, a failure of these vendors would leave TECO and its customers with only higher cost alternatives for Blue Gem coal and for coal transportation to Tampa, a higher cost that would be paid by TECO's ratepayers. Therefore, the continued credibility of Gatliff and TECO Transport

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is important to protect TECO's ratepayers from higher cost alternatives.

Upon review, it appears that the information discussed above is proprietary confidential business information and should be given confidential treatment for the amount of time requested by TECO to avoid harm to the company and its ratepayers. Based on the foregoing, good cause having been shown, TECO's request for confidential treatment for portions of its May, 1997, Form 423 filings is granted.

In consideration of the foregoing, it is

ORDERED by Commissioner Susan F. Clark, as Prehearing Officer, that TECO's request for confidential classification for portions of document number 06782-97 is granted as set forth in the body of this Order. It is further

ORDERED that TECO's request for an extension of the declassification date is granted as set forth in the body of this Order. It is further

ORDERED that this Order will be the only notification by the Commission to the parties concerning the expiration of the confidentiality time period.

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By ORDER of Commissioner Susan F. Clark, as Prehearing Officer, this 11th day of December, 1997.



SUSAN F. CLARK, Commissioner and
Prehearing Officer

(S E A L)

GAJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric,

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gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.