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**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

August 23, 1994

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0870

Re: Docket No. 940001-EI; Request for Specified Confidential Treatment.

Dear Ms. Bayo:

Enclosed for filing is Florida Power Corporation's Request for Specified Confidential Treatment regarding the Company's FPSC 423 Forms for the month of June, 1994. Attachment C to the Request is an unedited copy of the forms which denotes the confidential information with shading. **This document should be treated as Specified Confidential.** Edited copies of the forms which may be made public have been submitted for filing this date under separate cover.

Please acknowledge your receipt and filing of the above on the enclosed copy of this letter and return same to me.

Very truly yours,

James A. McGee
James A. McGee

RECEIVED & FILED
Mus
EPSC-BUREAU DE RECORDS

JAM:jb
Enclosures

cc: Parties of record (w/enclosure)

RECEIVED

DOCUMENT NUMBER - DATE
08837 AUG 26 94
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost
recovery clause with generating
performance incentive factor.

Docket No. 940001-EI
Submitted for filing
August 23, 1994

REQUEST FOR SPECIFIED CONFIDENTIAL TREATMENT

Florida Power Corporation (FPC), pursuant to section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, requests Specified Confidential treatment of certain information on its FPSC Form 423 Fuel Reports for the month of June, 1994 as set forth below. In support of its request, FPC states as follows:

1. FPC's Forms 423-1A, 423-2, 423-2A, 423-2B and 423-2C contain sensitive pricing information concerning contracts for the purchase of fuel and transportation services. Disclosure of this information to suppliers of such services would impair the ability of FPC or Electric Fuels Corporation (EFC), its affiliated coal supplier acting on FPC's behalf, to negotiate future fuel and transportation contracts on favorable terms. As such, the information constitutes proprietary confidential business information entitled to protection from disclosure pursuant to section 366.093(1) and (3)(d), Florida Statutes.

DOCUMENT NUMBER-DATE
08837 AUG 26 1994
FPSC-RECORDS/REPORTING

2. The following documents are attached to this Request and incorporated herein by reference:

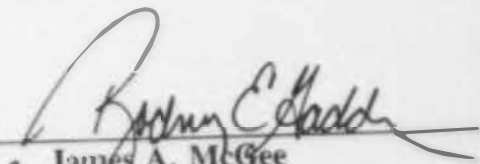
- Attachment A A justification "matrix" supporting FPC's request for Specified Confidential treatment of the highlighted information in Attachment A, identified for each 423 Form on a line-by-line, column-by-column basis.
- Attachment B A justification of FPC's request that Specified Confidential treatment for the information subject to this request remain in effect for a period of 24 months.
- Attachment C FPC's June, 1994 Form 423's, with the confidential information subject to this request highlighted in transparent ink. This document should be given confidential treatment.

3. FPC requests that the information identified as confidential in Attachment C be designated Specified Confidential for the reasons set forth in Attachment A. FPC further requests that such designation be effective for a period of 24 months, which is necessary to protect FPC and its ratepayers against the adverse effects on future negotiations that would result from disclosure of the information to potential fuel and transportation suppliers, as described in Attachment B.

WHEREFORE, Florida Power Corporation requests that the information on its FPSC 423 Forms identified as confidential in Attachment C be accorded Specified Confidential treatment for a period of 24 months.

Respectfully submitted,

**OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION**

By 
For: James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733
(813) 866-5184

CERTIFICATE OF SERVICE

Docket No. 940001-E1

I HEREBY CERTIFY that a true copy of Florida Power Corporation's Request for Specified Confidential Treatment, sans Attachment C, has been furnished to the following individuals by U.S. Mail this 23rd day of August, 1994:

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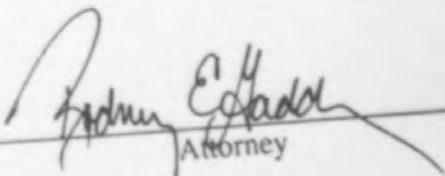
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Florida Power Corporation
Docket No. 940001-EI

Request for Specified Confidential Treatment

FORM 423-1A

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
1-13, 16, 20-22, 25	H	(1) The information under Column H, "Invoice Price", identifies the basic component of the contract pricing mechanism. Disclosure of the invoice price, particularly if in conjunction with information under other columns discussed below, would enable suppliers to determine the pricing mechanisms of their competitors. The likely result would be greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as FPC to bargain for price concessions, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.
1-13, 16, 20-22, 25	I	(2) Disclosure of the Invoice Amount, when divided by the Volume figure available from column G, would also disclose the Invoice Price in column H.
1-13, 16, 20-22, 25	J	(3) Disclosure of the Discount, in conjunction with other information under columns K, L, M or N, could also disclose the Invoice Price shown in column H by mathematical deduction. In addition, disclosure of

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
1-13, 16, 20-22, 25	K	(4) See item (3) above.
1-13, 16, 20-22, 25	L	(5) See item (3) above.
1-13, 16, 20-22, 25	M	(6) See item (3) above.
1-13, 16, 20-22, 25	N	(7) See item (3) above. This column is particularly sensitive because it is usually the same as or only slightly different from the Invoice Price in column H.
1-13, 16, 20-22, 25	P	(8) Disclosure of the Additional Transportation Charges, in conjunction with the information under column Q, would also disclose the Effective Purchase Price in column N by subtracting them from the Delivered Price available in column R.
1-13, 16, 20-22, 25	Q	(9) See item (8) above.

FORM 423-2

Plant Name:

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
Transf. Facility IMT: 1-9	G	<p>(10) The Effective Purchase Price is also found on Form 423-2A, column L, and on Form 423-2B, column G. In nearly every case it is the same as the F.O.B. Mine Price found under column F on Form 423-2A, which is the current contract price of coal purchased from each supplier by Electric Fuels Corporation (EFC) for delivery to FPC. Disclosure of this information would enable suppliers to determine the prices of their competitors, which would likely result in greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as EFC to bargain for price concessions on behalf of FPC, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect. In addition, disclosure of the Effective Purchase Price would also disclose the Total Transportation Cost in column H by subtracting column G from the F.O.B. Plant Price in column I.</p>
Crystal River 1&2: 1-5		
Crystal River 4&5: 1-6		
Transf. Facility IMT: 1-9	H	<p>(11) See item (25) below. In addition, disclosure of the Total Transportation Cost, when subtracted from the F.O.B. Plant Price in column I, would also disclose the Effective Purchase Price in column G.</p>
Crystal River 1&2: 1-5		
Crystal River 4&5: 1-6		

FORM 423-2A

Plant Name:

Line(s)

Column

Justification

Transf. Facility IMT:
1-9

F

Crystal River 1&2:
1-5

Crystal River 4&5:
1-6

(12) The F.O.B. Mine Price is the current contract price of coal purchased from each supplier by EFC for delivery to FPC. Disclosure of this information would enable suppliers to determine the prices of their competitors, which would likely result in greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as EFC to bargain for price concessions on behalf of FPC, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.

Transf. Facility IMT:
1-9

H

Crystal River 1&2:
1-5

Crystal River 4&5:
1-6

(13) The Original Invoice Price is the same as the F.O.B. Mine Price in column F, except in rare instances when the supplier is willing and able to disclose its short haul and loading costs (column G), if any, included in the contract price of coal. Disclosure would therefore be detrimental for the reasons identified in item (12) above.

All Plants:
NA

I

(14) Retroactive Price Increases are normally received well after the reporting month and are included on Form 423-2C at that time, along with the resulting new price. Disclosure of this information would therefore disclose the F.O.B. mine price.

<u>Plant Name: Line(s)</u>	<u>Column</u>	<u>Justification</u>
Transf. Facility IMT: 1-9	J	(15) The Base Price is the same as the Original Invoice Price in column H, since retroactive price adjustments (column I) are normally received well after the reporting month and are included on Form 423-2C at that time. Disclosure would therefore be detrimental for the reasons identified in item (12) above.
Crystal River 1&2: 1-5		
Crystal River 4&5: 1-6		
Transf. Facility IMT: 7-8	K	(16) Quality Adjustments are normally received well after the reporting month and are therefore included on Form 423-2C at that time. These adjustments are based on variations in coal quality characteristics (usually BTU content) between contract specifications and actual deliveries. Disclosure of this information would allow the F.O.B. mine price to be calculated using the associated tonnage and available contract BTU specifications.
Crystal River 1&2: 1,4		
Crystal River 4&5: "NA"		
Transf. Facility IMT: 1-9	L	
Crystal River 1&2: 1-5		(17) The Effective Purchase Price is the same as the Base Price in column J, since quality adjustments are normally not reported in column K. Disclosure would therefore be detrimental for the reasons identified in item (12) above.
Crystal River 4&5: 1-6		

FORM 423-2B

Plant Name:
Line(s)

Column

Justification

Transf. Facility IMT:
1-9

G

(18) See item (10) above.

Crystal River 1&2:
1-5

Crystal River 4&5:
1-6

All Plants:
NA

II

(19) Additional Short Haul & Loading Charges are EFC's transportation rates to move coal purchased F.O.B. mine to a river loading dock for waterborne delivery to FPC. These short haul moves are made by rail or truck, often with the alternative to use either. This provides EFC with the opportunity to play one alternative against the other to obtain bargaining leverage. Disclosure of these short haul rates would provide the rail and truck transportation suppliers with the prices of their competitors, and would severely limit EFC's bargaining leverage.

Crystal River 1&2:
1-4

Crystal River 4&5:
1-5

All Other Plants:

N/A

I

(20) The information under Rail Rate is a function of EFC's contract rate with the railroad and the distance between each coal supplier and Crystal River. Since these distances are readily available, disclosure of the Rail Rate would effectively disclose the contract rate. This would impair the ability of a high volume user such as EFC to obtain rate concessions, since railroads would be reluctant to grant concessions that other rail users would then expect.

<u>Plant Name: Line(s)</u>	<u>Column</u>	<u>Justification</u>
Crystal River 1&2: 1-4	J	(21) Other Rail Charges consist of EFC's railcar ownership cost. This cost is internal trade secret information which is not available to any party with whom EFC contracts, railroads or otherwise. If this information were disclosed to the railroad, their existing knowledge of EFC's rail rates would allow them to determine EFC's total rail cost and be better able to evaluate EFC's opportunity to economically use competing transportation alternatives.
Crystal River 4&5: 1-5		
All Other Plants: NA		
All Plants: NA	K	(22) The River Barge Rate is EFC's contract rate for barge transportation from up-river loading docks to the Gulf barge transloading facility at the mouth of the Mississippi. Disclosure of this information would enable other supplier of river barge transportation to determine the prices of their competitors, which would likely result in greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a high volume user such as EFC to bargain for price concessions on behalf of FPC, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.

<u>Plant Name:</u> <u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
All Plants: NA	L	(23) The Transloading Rate is EFC's contract rate for terminalling services at International Marine Terminals (IMT). Disclosure of this contract rate to other suppliers of terminalling services would be harmful to EFC's ownership interest in IMT by placing IMT at a disadvantage in competing with those suppliers for business on the lower Mississippi.
Crystal River 1&2: 5	M	(24) The Ocean Barge Rate is EFC's contract rate for cross-Gulf barge transportation to Crystal River by Dixie Fuels Limited (DFL). Disclosure of this contract rate to other suppliers of cross-Gulf transportation services would be harmful to EFC's ownership interest in DFL by placing DFL at a disadvantage in competing with those suppliers for business on the Gulf. Such a disadvantage in competing for back-haul business would also reduce the credit to the cost of coal it provides.
Crystal River 4&5: 6		
All Other Plants: NA		
Transf. Facility IMT: 1-9	P	(25) The figures under Transportation Charges are the same as the Total Transportation Cost under column H on Form 423-2. See item (11) above. In the case of rail deliveries to the Crystal River Plants, these figures represent EFC's current rail transportation rate. In the case of waterborne deliveries to the Crystal River Plants, the figures represent EFC's current Gulf barge transportation rate. In the case of waterdeliveries to the IMT "Plant", the figures
Crystal River 1&2: 1-5		
Crystal River 4&5: 1-6		

Plant Name:
Line(s)

Column

Justification

represent EFC's current river transportation rate. Disclosure of these transportation rates would enable coal suppliers to bid a F.O.B. mine price calculated to produce a delivered plant price at or marginally below FPC's current delivered price, which is available on Form 423-2, column I. Without this opportunity to calculate a perceived maximum acceptable price, suppliers would be more likely to bid their best price.

FORM 423-2C

Plant Name:

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
Transf. Facility IMT: 1-4 Transf. Facility TTI: None Crystal River 1&2: 1-5 Crystal River 4&5: 1	J	(26) The type of information under this column and column K relates to the particular column on Form 423-2, 2A, or 2B to which the adjustment applies (identified in column I). The column justifications above also apply to the adjustments for those column reported on Form 423-2C. In particular, see item (14), Retroactive Price Increases, and item (16), Quality Adjustments, which apply to the majority of the adjustments on Form 423-2C.

Transf. Facility IMT: 1-4 Transf. Facility TTI: None Crystal River 1&2: 1-5 Crystal River 4&5: 1	K	(27) See item (26) above.
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Florida Power Corporation
Docket No. 940001-EI

Request for Specified Confidential Treatment

FPC seeks protection from disclosure of the confidential information identified by 423 Form number, line, and column in Attachment C for a period of 24 months. This is the minimum time necessary to ensure that subsequent disclosure will not allow suppliers to determine accurate estimates of the then-current contract price.

The majority of EFC's contracts contain annual price adjustment provisions. If suppliers were to obtain confidential contract pricing information for a prior reporting month at any time during the same 12-month adjustment period, current pricing information would be disclosed. In addition, if the previously reported information were to be obtained during the following 12-month period, the information would be only one adjustment removed from the current price. Suppliers knowledgeable in the recent escalation experience of their market could readily calculate a reasonably precise estimate of the current price.

To guard against this competitive disadvantage, confidential information requires protection from disclosure for the initial 12-month period in which it could remain current and for the following 12-month period in which it can

be easily converted into essentially current information. For example, if information for the first month under an adjusted contract price is reported in May 1993, the information will remain current through April 1994. Thereafter, the initial May 1993 information will be only one escalation adjustment removed from the current information reported each month through April 1995. If confidential treatment were to expire after 18 months, suppliers would be able to accurately estimate current prices in October 1994 using information that had been current only 6 months earlier.

An 18-month confidentiality period would effectively waste the protection given in the first 6 months of the second 12-month pricing period (months 13 through 18) by allowing disclosure of the same vintage information in the last 6 months of the pricing period. The information disclosed in months 19 through 24 would be equally as detrimental in terms of revealing the current price as the information protected from disclosure during the preceding 6 months. To make the protection provided in months 13 through 18 meaningful, it should be extended through month 24. Extending the confidentiality period by 6 months would mean that the information will be an additional 12 months, and one price adjustment, further removed from the current price at the time of disclosure.