

ORIGINAL

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 980001-EI

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Pursuant to §366.093, F.S. (1997) and Rule 25-22.006, F.A.C., Florida Power & Light Company ("FPL") hereby files with the Florida Public Service Commission ("Commission") this "Request for Confidential Classification" ("Request") regarding certain information reported on FPL's January 1998 423-1(a) Fuel Report as delineated below. In support of this Request, FPL states:

1. FPL seeks classification of the information specified as proprietary confidential business information pursuant to §366.093, F.S. (1997), which provides in pertinent part, as follows:

(1) * * * Upon request of the public utility or other person, any records received by the commission which are shown and found by the commission to be proprietary confidential business information shall be kept confidential and shall be exempt from s. 119.07(1).

* * *

(3) * * * Proprietary confidential business information includes, but is not limited to:

DOCUMENT NUMBER-DATE
02761 MAR-28
FDSC-REG/ISS/REPORTING

. . .

(d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.

2. In applying the statutory standards delineated above in paragraph 1, the Commission is not required to weigh the merits of public disclosure relative to the interests of utility customers. The issue presented to the Commission, by this FPL Request, is whether the information sought to be protected fits within the statutory definitions of proprietary confidential business information, as set forth in §366.093, F.S. (1997). If the information is found by the Commission to fit within the statutory definitions, then it should be classified as confidential, be treated in accordance with Rule 25-22.006, F.A.C., and be exempt from §119.07(1), F.S. (1997). To establish that material is proprietary confidential business information under §366.093(3)(d), F.S. (1997), a utility must demonstrate that (i) the information is contractual data, and (ii) the disclosure of the data would impair the efforts of the utility to contract for goods or services on favorable terms.

3. Attached to this Request and incorporated herein by reference are the following documents:

- | | |
|--------------|--|
| Attachment A | A copy of FPL's January 1998 Form 423-1(a) with the information for which FPL seeks confidential classification highlighted. This document is to be treated as confidential. |
| Attachment B | An edited copy of FPL's January 1998 Form 423-1(a) with the information for which FPL seeks confidential classification edited out. This document may be made public. |

Attachment C

A line-by-line justification matrix identifying each item on FPL's Form 423-1(a) for which confidential classification is sought, along with a written explanation demonstrating that (1) the information is contractual data, and (2) the disclosure of such data would impair the efforts of FPL to contract for goods or services on favorable terms.

4. FPL requests that the Commission make two findings with respect to the No. 6 fuel oil information identified as confidential on Attachments A and C:

- (a) That the No. 6 fuel oil data identified is contractual data; and
- (b) That FPL's ability to procure No. 6 fuel oil, terminaling and transportation services, and petroleum inspection services is reasonably likely to be impaired by the disclosure of the information identified because:
 - (i) The markets in which FPL, as a buyer, must procure No. 6 fuel oil, terminaling and transportation services, and fuel inspection services are oligopolistic; and
 - (ii) Pursuant to economic theory, a substantial buyer in an oligopolistic market can obtain price concessions not available to other buyers, but the disclosure of such concessions would end them, resulting in higher prices to that purchaser.

5. Although FPL normally requests that the Commission make findings with respect to No. 2 and No. 3 fuel oil information identified as confidential on Attachments A and C, FPL made no purchases of No. 2 or No. 3 fuel oil during January 1998 and, therefore, no such information appears on Attachments A and C to this Request.

6. FPL requests that the information for which FPL seeks confidential classification not be declassified until the dates specified on Attachment C. The time periods requested are necessary to allow FPL to utilize its market presence in negotiating

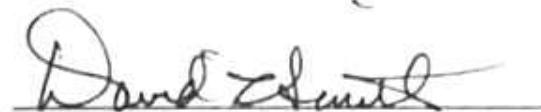
future contracts. Disclosure prior to the identified dates of declassification would impair FPL's ability to negotiate future contracts.

7. The material identified as confidential information on Attachments A and C is intended to be and is treated by FPL as private, and has not, to the best of FPL's knowledge and belief, otherwise been publicly disclosed.

WHEREFORE, FPL respectfully requests that the Commission grant FPL's Request for Confidential Classification as permitted by Rule 25-22.006, F.A.C., and classify as confidential the information identified on Attachments A and C.

Respectfully submitted,


Dated February 27, 1998



David L. Smith
Senior Attorney
Florida Power & Light Company
9250 W. Flagler Street, #6514
Miami, Florida 33174
(305) 552-3924
Florida Bar No. 0473499

ATTACHMENT B

MONTHLY REPORT OF COST AND QUALITY OF FUEL OIL FOR ELECTRIC PLANTS DETAIL OF INVOICE AND TRANSPORTATION CHARGES

3. NAME, TITLE, TELEPHONE NUMBER OF CONTACT PERSON CONCERNING DATA SUBMITTED ON THIS FORM: S. J. ADAMS, REGULATORY AFFAIRS, (305) - 552-3488
4. SIGNATURE OF OFFICIAL SUBMITTING REPORT: 
5. DATE COMPLETED: 2/18/98

1. REPORTING MONTH: JAN YEAR: 1998
 2. REPORTING COMPANY: FLORIDA POWER LIGHT COMPANY

(A) LINE NO	(B) PLANT	(C) SUPPLIER	(D) DELIVERY LOCATION	(E) DELIVERY DATE	(F) TYPE OIL	(G) VOLUME (BBL)	(H) INVOICE PRICE (\$/BBL)	(I) INVOICE AMOUNT (\$)	(J) DISCOUNT (\$)	(K) NET AMOUNT (\$)	(L) NET PRICE (\$/BBL)	(M) NET QUALITY ADJUST. (\$/BBL)	(N) EFFECTIVE PUR PRICE (\$/BBL)	(O) TRANSP TO TERM (\$/BBL)	(P) ADDITIONAL TRANS CHGS (\$/BBL)	(Q) OTHER CHGS (\$/BBL)	(R) DELIVERED PRICE (\$/BBL)
1	SANFORD	NOVARCO	JACKSONVILLE	01/02/98	FO8	233871						0.0000	0.0000	0.0000			14.3081
2	MARTIN	RIO	PALM BEACH	01/18/98	FO8	118135						0.0000	0.0000	0.0000			14.3313
3	PT. EVERGLADES	RIO	PORT EVERGLADES	01/01/98	FO8	130130						0.0000	0.0000	0.0000			15.0718
4	RIVIERA	RIO	RIVIERA	01/21/98	FO8	112387						0.0000	0.0000	0.0000			12.2181
5	FT. MYERS	TEXACO	BOCA GRANDE	01/12/98	FO8	112929						0.0000	0.0000	0.0000			12.9885
6	FT. MYERS	TEXACO	BOCA GRANDE	01/22/98	FO8	88839						0.0000	0.0000	0.0000			11.6865
7	FT. MYERS	TEXACO	BOCA GRANDE	01/20/98	FO8	90149						0.0000	0.0000	0.0000			11.8203
8	RIVIERA	TEXACO	RIVIERA	01/12/98	FO8	90510						0.0000	0.0000	0.0000			12.7881
9	RIVIERA	TEXACO	RIVIERA	01/25/98	FO8	117475						0.0000	0.0000	0.0000			11.4251
10	RIVIERA	AMERIGAS		01/08/98	PRO	6	35.3500	212	0	212	35.3500	0.0000	35.3500	0.0000	0.0000	0.0000	35.3500
11	RIVIERA	AMERIGAS		01/22/98	PRO	9	37.8000	340	0	340	37.8000	0.0000	37.8000	0.0000	0.0000	0.0000	37.8000
12	TURKEY POINT	AMERIGAS		01/08/98	PRO	2	38.0000	72	0	72	38.0000	0.0000	38.0000	0.0000	0.0000	0.0000	38.0000
13	SANFORD	SUBURBAN		01/23/98	PRO	4	35.8700	144	0	144	35.8700	0.0000	35.8700	0.0000	0.0000	0.0000	35.8700
14	SANFORD	SUBURBAN		01/23/98	PRO	8	36.1100	289	0	289	36.1100	0.0000	36.1100	0.0000	0.0000	0.0000	36.1100

ATTACHMENT C

Docket No. 980001-EI
February 1998

Justification for Confidentiality for January 1998 Report:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMN</u>	<u>RATIONALE</u>
423-1(a)	1 - 9	H	(1)
423-1(a)	1 - 9	I	(2)
423-1(a)	1 - 9	J	(2), (3)
423-1(a)	1 - 9	K	(2)
423-1(a)	1 - 9	L	(2)
423-1(a)	1 - 9	M	(2), (4)
423-1(a)	1 - 9	N	(2), (5)
423-1(a)	1 - 9	P	(6), (7)
423-1(a)	1 - 9	Q	(6), (7)

Rationale for confidentiality:

- (1) This information is contractual information which, if made public, "would impair the efforts of [FPL] to contract for goods or services on favorable terms." Section 366.093 (3) (d), F.S. (1997). The information delineates the price FPL has paid for No. 6 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 quote for that date of delivery and thereby determine the contract pricing formula between FPL and that supplier.

Contract pricing formulas generally contain two components, which are: (i) a markup in the market quoted price for that day and (ii) a transportation charge for delivery at an FPL chosen port of delivery. Discounts and quality adjustment components of fuel price contract formulas are discussed in paragraphs 3 and 4. Disclosure of the invoice price would allow suppliers to determine the contract price formula of their competitors. The knowledge of each others' prices (i.e., contract formulas) among No. 6 fuel oil suppliers is reasonably likely to cause the suppliers to converge on a target price, or to follow a price leader, effectively eliminating any opportunity for a major buyer like FPL to use its market presence to gain price concessions from any one supplier. The end result is reasonably likely to be increased No. 6 fuel oil prices and therefore increased electric rates.

- (2) The contract data found in Columns I through N are an algebraic function of Column H. That is, the publication of these Columns together, or independently, could allow a supplier to derive the invoice price of oil.
- (3) Some FPL fuel contracts provide for an early payment incentive in the form of a discount from the invoice price. The existence and amount of such discount is confidential for the reasons stated in paragraph (1) relative to price concessions.
- (4) For fuel that does not meet contract requirements, FPL may reject the shipment, or accept the shipment and apply a quality adjustment. This is, in effect, a pricing term which is as important as the price itself and is therefore confidential for the reasons stated in paragraph (1) relative to price concessions.
- (5) Column N is as important as H from a confidentiality standpoint 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, Column N needs to be protected for the same reasons as set forth in paragraph (1).
- (6) Column R is used to mask the delivered price of fuel such that the invoice or effective price of fuel cannot be determined. Columns P and Q are algebraic variables of Column R. Consequently, disclosure of Columns P and Q would allow a supplier to calculate the invoice or effective purchase price of oil (Columns H and N) by subtracting these columnar variables from Column R.
- (7) Terminating and transportation services in Florida tend to have the same, if not more severe, oligopolistic attributes of fuel oil suppliers. In 1987, FPL was only able to find eight qualified parties with an interest in bidding either or both of these services. Of these, four responded with transportation proposals and six with terminating proposals. Due to the small demand in Florida for both of these services, market entry is difficult. Consequently, disclosure of these contract data

is reasonably likely to result in increased prices for terminaling and transportation services.

Petroleum inspection services also have the market characteristics of an oligopoly. Due to the limited number of fuel terminal operations, there are correspondingly few requirements for fuel inspection services. In FPL's last bidding process for petroleum inspection services, only six qualified bidders were found for FPL's bid solicitations. Consequently, disclosure of these contract data is reasonably likely to result in increased prices for petroleum inspection services.

Date of Declassification:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMN(S)</u>	<u>DATE</u>
423-1(a)	1 - 9	H - L, N, P, Q	07/31/98

Rationale:

FPL requests that the confidential information identified above not be disclosed until the identified date of declassification. The date of declassification is determined by adding six months to the last day of the contract period under which the goods or services identified on Form 423-1(a) or 423-1(b) were purchased.

Disclosure of pricing information during the contract period or prior to the negotiation of a new contract is reasonably likely to impair FPL's ability to negotiate future contracts as described above.

FPL typically renegotiates its No. 6 fuel oil contracts and fuel-related services contracts prior to the end of such contracts. However, on occasion, some contracts are not renegotiated until after the end of the current contract period. In those instances, the contracts are typically renegotiated within six months. Consequently, it is necessary to maintain the confidentiality of the information identified as confidential on FPL's Form 423-1(a) or 423-1(b) for six months after the end of the individual contract period to which the information relates.

With respect to No. 6 fuel oil price information on the Form 423-1(a) or 423-1(b) for oil that was not purchased pursuant to an already existing contract, and the terms of the agreement under which it is purchased are fulfilled upon delivery, FPL requests the price information identified as confidential be kept confidential for a period of six months after the delivery. A six-month period is the minimum amount of time necessary for

confidentiality of these types of purchases to allow FPL to utilize its market presence in gaining price concessions during seasonal fluctuations in the demand for No. 6 fuel oil. Disclosure of this information any sooner than six months after completion of the transaction is reasonably likely to impair FPL's ability to negotiate such purchases.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's "Request for Confidential Classification" regarding certain information reported on the Commission's Form 423-1(a) for January 1998 was forwarded to the Florida Public Service Commission via Federal Express, and copies of the Request and Petition without Attachment A were mailed to the individuals listed below, all on this 27th day of February, 1998.

Bob Elias, Chief
Bureau of Electric & Gas
Division of Legal Services
Florida Public Service Commission
Gerald L. Gunter Building - Third Floor
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Occidental Chemical Corporation
Energy Group
P.O. Box 809050
Dallas, TX 75380-9050

Joseph A. McGlothlin, Esquire
Vicki Gordon Kaufman, Esquire
McWhirter, Reeves, McGlothlin,
Davidson, etc.
117 S. Gadsden Street
Tallahassee, FL 32301

Jack Shreve, Esquire
Office of Public Counsel
111 W. Madison Street
Room 812
Tallahassee, FL 32399-1400

G. Edison Holland, Esquire
Beggs & Lane
P.O. Box 12950
Pensacola, FL 32576

Lee L. Wills, Esquire
James D. Beasley, Esquire
Ausley, McMullen, McGehee,
Carothers & Proctor
P.O. Box 391
Tallahassee, FL 32302

Major Gary A. Enders, USAF
HQ USAF/ULT, STOP 21
Tyndall AFB, FL 32403-6001

Lee G. Schmudde, Esquire
Reedy Creek Utilities, Inc.
P.O. Box 40
Lake Buena Vista, FL 32830

Kenneth Hoffman, Esquire
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, FL 32302-0551

James A. McGee, Esquire
P.O. Box 14042
St. Petersburg, FL 33733

Nancy McCann
Office of Environmental Coordinator
306 East Jackson Street, 5th Floor
Tampa, FL 33615



David L. Smith

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