

M E M O R A N D U M

JULY 21, 1999

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (JAY) *WD* *QUE*
DIVISION OF ELECTRIC AND GAS (BOHRMANN, COLSON, E. DRAPER, HARLOW, MATLOCK, WHEELER)
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (HICKS, HOLMAN, MCPHERSON, MERTA, REVELL, L. ROMIG, D. VANDIVER, WELCH)

RE: DOCKET NO. 990001-EG - FUEL AND PURCHASED POWER COST RECOVERY CLAUSE AND GENERATING PERFORMANCE INCENTIVE FACTOR

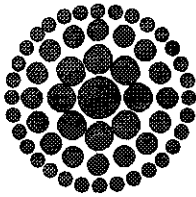
Pursuant to Rule 25-22.006, Florida Administrative Code, and Section 366.093, Florida Statutes, on August 28, 1998, Tampa Electric Company (TECO) filed a timely Request for Confidential Classification of Document Number 09412-98 (x-ref. Document Number 08419-98). Staff no longer needs this document and it should be returned to the company pursuant to Rule 25-22.006(9), Florida Administrative Code.

GAJ/js
Attachment
I:\990001rd.gaj

*These documents
should have already
been returned -
See DN 10271-98*

AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
MAS _____
OPC _____
RRR _____
SEC _____
WAW _____
OTH Kay

DOCUMENT NO.
08635-99
July 21



**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

July 21, 1999

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 990001-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 May 1999. 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.

RECEIVED & FILED

FPSC BUREAU OF RECORDS

Very truly yours,

James A. McGee

JAM:ams
Enclosures

cc: Parties of record

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- RFR _____
- SEC _____
- WAW _____
- OTH _____

Request Confidential
 DOCUMENT NUMBER - DATE 08645 JUL 21 99
 DOCUMENT NUMBER - DATE 08646 JUL 21 99
 FPSC-RECORDS/REPORTING FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

Docket No. 990001-EI

I HEREBY CERTIFY that a true copy of Florida Power Corporation's Request for Specified Confidential Treatment, has been furnished to the following individuals by U.S. Mail this 21st day of July, 1999:

Matthew M. Childs, Esquire
Steel, Hector & Davis
215 South Monroe, Suite 601
Tallahassee, FL 32301-1804

G. Edison Holland, Jr., Esquire
Jeffrey A. Stone, Esquire
Beggs and Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Lee L. Willis, Esquire
James D. Beasley, Esquire
Ausley & McMullen
P. O. Box 391
Tallahassee, FL 32302

Leslie Paugh, Esq.
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Barry N. P. Huddleston
Public Affairs Specialist
Destec Energy, Inc.
2500 CityWest Blvd., Suite 150
Houston, TX 77210-4411

J. Roger Howe, Esquire
Office of the Public Counsel
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

Joseph A. McGlothlin, Esquire
Vicki Gordon Kaufman, Esquire
McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,
Arnold & Steen, P.A.
117 S. Gadsden Street
Tallahassee, FL 32301

Suzanne Brownless, Esquire
1311-B Paul Russell Road
Suite 202
Tallahassee, FL 32301

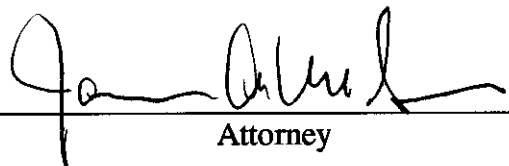
Roger Yott, P.E.
Air Products & Chemicals, Inc.
2 Windsor Plaza
2 Windsor Drive
Allentown, PA 18195

John McWhirter, Jr.
McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,
Arnold & Steen, P.A.
400 North Tampa Street, Suite 2450
Tampa, FL 33602-5126

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

Mr. Frank C. Cressman
President, Florida Public Utilities Company
P.O. Box 3395
West Palm Beach, FL 33402-3395

Mr. Don Bruegmann
Seminole Electric Cooperative, Inc.
16313 North Dale Mabry Highway
Tampa, FL 33688-2000



Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 990001-EI
Submitted for filing
July 21, 1999

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 May 1999 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

08645 JUL 21 8

FPSC-RECORDS/REPORTING

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

by reference:

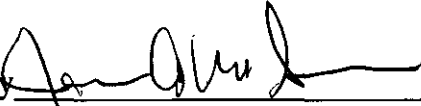
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|--------------|---|
| Attachment A | A justification "matrix" supporting FPC's request for Specified Confidential treatment of the highlighted information in Attachment C, identified for each 423 Form on a line-by-line, column-by-column basis. |
| 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 May 1999 Form 423's, with the confidential information subject to this request highlighted in transparent ink. <u>This document should be given confidential treatment and has been placed in a separate envelope marked "Confidential"</u> which is attached hereto. |

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 
James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733
(727) 820-5184

Florida Power Corporation
Docket No. 990001-EI

Request for Specified Confidential Treatment

FORM 423-1A

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
1-4, 7-24, 27-31, 34-47, 50-56	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.
1-4, 7-24, 27-31, 34-47, 50-56	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.
1-4, 7-24, 27-31, 34-47, 50-56	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>
		discounts resulting from bargaining concessions would impair the ability of FPC to obtain such concessions in the future for the reasons discussed in item (1) above.
1-4, 7-24, 27-31, 34-47, 50-56	K	(4) See item (3) above.
1-4, 7-24, 27-31, 34-47, 50-56	L	(5) See item (3) above.
1-4, 7-24, 27-31, 34-47, 50-56	M	(6) See item (3) above.
1-4, 7-24, 27-31, 34-47, 50-56	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.
1-4, 7-24, 27-31, 34-47, 50-56	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.
1-4, 7-24, 27-31, 34-47, 50-56	Q	(9) See item (8) above.

FORM 423-2

Plant Name: Line(s)	Column	Justification
Transf. Facility IMT: 1-8 Crystal River 1&2: 1-5 Crystal River 4&5 : 1-4	G	(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.
Transf. Facility IMT: 1-8 Crystal River 1&2: 1-5 Crystal River 4&5: 1-4	H	(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.

FORM 423-2A

Plant Name:

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
Transf. Facility IMT: 1-8 Crystal River 1&2: 1-5 Crystal River 4&5: 1-4	F	(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: 1-8 Crystal River 1&2: 1-5 Crystal River 4&5: 1-4	H	(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.

Plant Name: Line(s)	Column	Justification
Transf. Facility IMT: 1-8 Crystal River 1&2: 1-5 Crystal River 4&5: 1-4	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.
Transfer Facility IMT 1-8 Crystal River 1&2 1-5 Crystal River 4&5 1-4	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.
Transf. Facility IMT: 1-8 Crystal River 1&2: 1-5 Crystal River 4&5: 1-4	L	(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.

FORM 423-2B

Plant Name: Line(s)	Column	Justification
Transf. Facility IMT: 1-8	G	(18) See item (10) above.
Crystal River 1&2: 1-5		
Crystal River 4&5: 1-4		
Crystal River 1&2: 1-5	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.
Crystal River 4&5: 1-4		
All Other Plants: N/A		
Crystal River 1&2: 1-5	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: 1-4		
All Other Plants: NA		

Plant Name:**Line(s) Column Justification**

Transf. Facility IMT: 1-8	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 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.
Crystal River 1&2: 1-5		
Crystal River 4&5: 1-4		

FORM 423-2C

Plant Name: <u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
Transf. Facility IMT: 1-6	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 TTI: None		
Crystal River 1&2: 1-7		
Crystal River 4&5: 1		
Transf. Facility IMT: 1-6	K	(27) See item (26) above.
Transf. Facility TTI: None		
Crystal River 1&2: 1-7		
Crystal River 4&5: 1		

Florida Power Corporation
Docket No. 990001-EI

Request for Specified Confidential Treatment

FPC seeks protection from disclosure of the confidential information identified 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 1994, the information will remain current

through April 1995. Thereafter, the initial May 1994 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 1995 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.