



Florida Power

A Progress Energy Company

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JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL

May 3, 2002

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

Re: Docket No. 020164-EQ;
Request for Confidential Classification.

Dear Ms. Bayó:

Enclosed for filing in the subject docket is Florida Power Corporation's Request for Confidential Classification with respect to the highlighted information filed with the Company's Notice of Intent to Request Confidential Classification on April 15, 2002.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/scc
Enclosure

cc: D. Bruce May, Esquire

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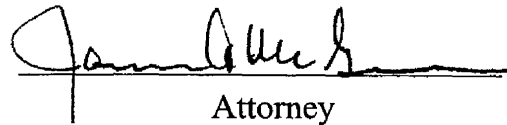
FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Request for Confidential Classification has been furnished to the following individuals by U.S. Mail this 3rd day of May, 2002.

D. Bruce May
Holland & Knight LLP
P.O. Drawer 810
Tallahassee, Florida 32302

Andrew Kidd
El Paso Merchant Energy
North America
1001 Louisiana Street
Houston, Texas 77002


Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for approval of an agreement with Cedar Brakes IV, LLC, to restructure three existing cogeneration contracts.

Docket No. 020164-EQ

Submitted for filing:
May 6, 2002

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Florida Power Corporation (Florida Power or the Company), pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., hereby request confidential classification of the highlighted portions of Florida Power's response to Staff's request for information filed with the Company's Notice of Intent to Request Confidential Classification on April 15, 2002. In support of its request, Florida Power states as follows:

Background

1. Florida Power is a party to existing negotiated cogeneration contracts with (a) Royster Phosphates, Inc. (later assigned to Polk LP), dated March 17, 1991, with a committed capacity of 30.8 megawatts (the Royster Contract), (b) Mulberry Energy Company (later assigned to Polk LP), dated March 12, 1991, with a committed capacity of 79.2 megawatts (the Mulberry Contract), and (c) CFR Bio-gen Corporation (later assigned to Orange LP), dated November 19, 1991, with a committed capacity of 74.0 megawatts (the Orange Contract), (collectively, the Existing Contracts). By their terms, the Royster, Mulberry and Orange Contracts terminate on August 8, 2009, August 31, 2024, and December 31, 2025,

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respectively. The Existing Contracts have been approved for cost recovery by the Commission.

2. The Mulberry and Royster Contracts are both served from a single cogeneration facility located in Polk County (the Mulberry Facility). The Orange Contract is served from a facility located in Polk County (the Orange Facility) that also serves a 23 megawatt cogeneration contract with Tampa Electric Company.

3. Because Florida Power's various cogeneration contracts, including the three Existing Contracts, have proven to be relatively high-cost sources of generation, the Company has adopted a mitigation strategy under which a number of initiatives have been undertaken intended to reduce the adverse impact of these contracts on Florida Power and its customers. These initiatives have included the establishment of curtailment provisions for minimum load conditions, strict enforcement of contractual pricing provisions, early termination (buy down) agreements, and the outright purchase of a large cogeneration facility and termination of the associated purchase power agreements. The agreement to restructure the Existing Contracts that is the subject matter of the Petition is another, innovative example of this ongoing strategy to mitigate the cost of cogeneration purchases to Florida Power's customers.

4. After a series of extensive negotiations between Florida Power and El Paso Merchant Energy North America (El Paso), the parties reached an understanding on the terms of an agreement between Florida Power and Cedar Brakes IV, LLC (Cedar Brakes), a limited liability corporation that El Paso will form upon approval of Florida Power's Petition in this proceeding, at which time the agreement will be executed. As is more fully discussed in the Petition, the

agreement will restructure and amend the Existing Contracts, which Cedar Brakes will acquire by assignment, and will significantly reduce the capacity payments the Company would otherwise be required to make under the Existing Contracts.

5. In response to the Company's Petition, Staff requested Florida Power to provide certain supporting information and documents to aid in Staff's review of the agreement and the economic benefits to be derived therefrom. Florida Power's response included information related to the Company's coal forward pricing curves, forecasted energy and capacity prices, and contractual capacity discount terms, which were designated with highlighting as proprietary confidential business information and submitted with Florida Power's Notice of Intent to Request Confidential Classification.

**The Designated Proprietary Confidential Business Information
Should Be Protected From Disclosure**

6. Subsection 366.093(1) provides that any records "found by the commission to be proprietary confidential business information shall be kept confidential and shall be exempt from s. 119.07(1) [requiring disclosure under the Public Records Act]." Proprietary confidential business information includes, but is not limited to, "[i]nformation concerning. . . contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms." Section 366.093(3)(d). It also includes "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Section 366.093(3)(e).


7. The designated information concerning the Company's coal forward pricing curves, forecasted energy and capacity prices, and contractual capacity

discount terms constitute proprietary confidential business information entitled to protection under Section 366.093 and Rule 25-22.006, and is intended to be and is treated by Florida Power as private and has not been disclosed. Disclosure of the designated confidential information would jeopardize the ability of Florida Power to negotiate similar restructuring transactions with third parties at other cogeneration facilities. Florida Power's QF suppliers who may be interested in contract restructuring would have knowledge of the key market forecasts and assumptions which formed the basis of its negotiations with El Paso, thus compromising the Company's bargaining position with these suppliers. Given the number of Florida Power's high cost QF contracts, the potential harm to the Company and its customers from disclosure of this sensitive information is particularly serious.

WHEREFORE, Florida Power respectfully requests that the highlighted information submitted with Florida Power's April 15, 2002 Notice of Intent be classified as confidential for the reasons set forth above.

Respectfully submitted,

FLORIDA POWER CORPORATION

By  _____

James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519