



Florida Power

A Progress Energy Company

JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL

October 16, 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. 020001-EI; **Request for
Confidential Classification.**

Dear Ms. Bayó:

Enclosed for filing in the subject docket is an original and ten copies of Florida Power Corporation's Request for Confidential Classification. Also enclosed is a sealed envelope containing the documents subject to the Request, with the confidential information highlighted. Two public copies of the document are also included in which the confidential information has been redacted. **The highlighted portions of the unredacted version should be held as Confidential Information in accordance with Rule 25-22.006, F.A.C.**

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3½ inch diskette containing the above-referenced Request in WordPerfect format is also enclosed. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/scc
Enclosure

cc: Parties of record

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished to the following individuals by regular U.S. Mail the 16th day of October, 2002:

Wm. Cochran Keating, IV, Esquire
Senior Attorney
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

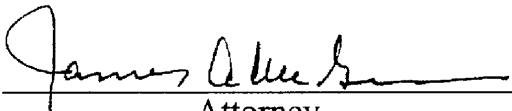
Robert Vandiver, Esquire
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

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

John T. Butler, Esquire
Steel, Hector & Davis
200 S. Biscayne Blvd., Suite 4000
Miami, Florida 33131

Jeffrey A. Stone, Esquire
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Vicki Gordon Kaufman, Esquire
McWhirter, Reeves, et al.
117 S. Gadsden Street
Tallahassee, FL 32301



Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 020001-EI
Submitted for filing:
October 16, 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 requests confidential classification of the highlighted information in Florida Power's responses to Staff Interrogatory Nos. 41 and 59 (Responses 41 and 59), which provide competitively sensitive price and cost information regarding the procurement of coal for consumption at Florida Power's Crystal River plant site. Responses 41 and 59 are included with this Request in a separate sealed envelope, with the information for which Florida Power seeks confidential classification highlighted. Two public copies of Responses 41 and 59 with the confidential information redacted are also included with this Request. In support of its Request, Florida Power states as follows:

1. Subsection 366.093(1) provides that any records "found by the commission to be propriety 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

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which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.” Subsection 366.093(3)(d). Proprietary confidential business information 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). The designated portions of Responses 41 and 59 fall within this statutory categories and, thus, constitute propriety confidential business information entitled to protection under Section 366.093 and Rule 25-22.006.

2. With respect to Florida Power’s response to Interrogatory 41, the highlighted information in Attachment A of the response under the column labeled “Commodity Price” identifies the basic component of the contract pricing mechanism. Disclosure of the commodity price, particularly if in conjunction with other publicly available information, 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 Florida Power to bargain for price concessions, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect. Any such use of this information can only result in higher fuel costs incurred by Florida Power and it customers. Consequently, the effect of disclosure would be to impair the efforts of Florida Power to contract for goods and services on favorable terms for the benefit of its customers.

3. With respect to Florida Power’s response to Interrogatory 59, the highlighted information under the columns labeled “\$/ton” identifies the unit

transportation cost of coal delivered to the Crystal River plant site by rail and by water. In the case of rail deliveries to Crystal River, these figures represent Florida Power's current rail transportation rate. In the case of waterborne deliveries to Crystal River, the figures represent Florida Power's current Gulf and river barge transportation rates. 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 Florida Power's current delivered price, which is publicly available. Without an opportunity to use the transportation rates in this manner, suppliers would find it necessary to bid their best price. Any such use of this information can only result in higher fuel costs incurred by Florida Power and its customers. Consequently, the effect of disclosure would be to impair the efforts of Florida Power to contract for goods and services on favorable terms for the benefit of its customers.

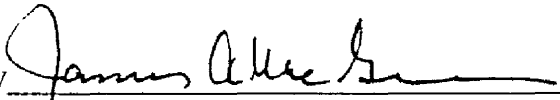
4. The highlighted information in Responses 41 and 59 provides the same or similar price and cost information as that contained in Florida Power's Form 423 monthly filings in this proceeding which is consistently accorded confidential classification by the Commission.

5. The designated information for which confidential classification is sought is intended to be and is treated by the Company as private and has not been publicly disclosed.

WHEREFORE, Florida Power respectfully requests that the highlighted information in its responses to Staff Interrogatory Nos. 41 and 59 attached hereto be accorded confidential classification 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

57. What is the anticipated impact of the Gulfstream pipeline on natural gas commodity prices paid by Florida Power?

Response: FPC has acquired 90,000 DT / day of Gulfstream capacity starting in June 2002. The capacity was acquired for 243 months starting with Gulfstream's in-service date. The primary delivery points are serving three of FPC's generation units; Hines, Tiger Bay, and Intercession City. The additional Gulfstream capacity serving the Florida area will provide FPC with additional supply / capacity opportunities. Unlike Florida Gas Transmission, Gulfstream is not fully subscribed. This should result in a lower premium for bundled supplies on Florida Gas Transmission during peak loads.

58. Please identify all coal transportation options that are available for the Florida Power generating facilities that burn coal. Please identify those transportation options that Florida Power currently utilizes and explain why Florida Power utilizes those options.

Response: The available coal transportation options include water and rail.

In 1986, the Commission acknowledged the desirability of maintaining alternative transportation routes to Crystal River for the purpose of increasing reliability and enhancing price competition (Order No. 15895). In 1989, the Commission confirmed the appropriateness of utilizing dual transportation modes for coal deliveries (Order No. 21847). In recognition of the cost differential inherent in alternative transportation modes, Progress Fuels' long standing practice is to maximize the usage of the lowest cost mode, typically rail transportation, and to use the alternate transportation mode for any additional coal requirements.

59. Please indicate the amount of coal actually taken by Florida Power in 2001, and projected to be taken in 2002, via each coal transportation option identified in the previous interrogatory. Please indicate the average rate paid or projected to be paid for transportation during these periods for each coal transportation option identified in the previous interrogatory.

Response:

2001 Actual		
	Tons	\$/Ton
Water	2,096,774	
Rail	3,553,366	

2002 Projection		
	Tons	\$/Ton
Water	2,065,396	
Rail	3,551,719	

2003 "A" COAL CRYSTAL RIVER 1 & 2					
<i>SUPPLIER</i>	<i>DELIVERED QUANTITY (TONS)</i>	<i>TERM</i>	<i>COMMODITY PRICE</i>	<i>DELIVERED PRICE¹</i>	<i>OPTIONS AND CONTRACT EXTENSIONS</i>
Massey Coal Sales Company, Inc.	450,000 + 150,000 extension offer	07/01/99 – 09/30/03		\$56.93	Option to extend 18 months
Consol Energy	500,000 + 500,000 extension offer	01/01/02 – 12/31/05		\$56.93	Base price effective 07/01/03 shall be negotiated by 05/01/03. Failure to agree on price shall result in termination. Price for 2005 shall be negotiated by 11/01/04
Quaker Coal Sales Company (AEP) Open Purchases	480,000 <u>20,000</u>	01/01/02 – 12/31/04		\$53.58 - \$59.18	Base price for 2004 to be negotiated by 11/01/03
Requirement	2,100,000				

¹Delivered price is based on average 2002 forecasted transportation and other cost.

2003 "D" COAL CRYSTAL RIVER 4 & 5					
<i>SUPPLIER</i>	<i>DELIVERED QUANTITY (TONS)</i>	<i>TERM</i>	<i>COMMODITY PRICE</i>	<i>DELIVERED PRICE¹</i>	<i>OPTIONS AND CONTRACT EXTENSIONS</i>
Black Hawk Synfuel	500,000 + 100,000 extension offer	01/01/02 – 10/31/03		\$57.69	30 days prior to expiration, Purchaser/Seller agree to negotiate, in good faith, 18-month extension 30 days prior to expiration, Purchaser/Seller agree to negotiate, in good faith, 18-month extension.
Massey Coal Sales Company, Inc.	400,000 + 200,000 extension offer	03/01/02 – 08/31/03		\$57.18	
Panther Mining LLC	400,000	01/01/02 – 12/31/03		\$71.30	.
Amvest Coal Sales, Inc.	212,500	05/01/02 – 12/31/03		\$58.68	If mutual agreement on price, may be extended one year.
Alliance Coal, LLC	300,000	01/01/02 – 12/31/04		\$55.18 - \$62.68	If parties are able to negotiate new price, term automatically extends 36 months.
Quaker Coal Sales Company (AEP)	400,000	6 th Amendment 01/01/99 – 12/31/04		\$64.05 – \$69.55	Calendar year 2004 price to be negotiated by 11/01/03.
Open Purchases	<u>987,500</u>				
Requirement	3,500,000				

¹Delivered price is based on average 2002 forecasted transportation and other cost.