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April 9, 2003

HAND DELIVERED

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

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance
Incentive Factor; FPSC Docket No. 030001-EI

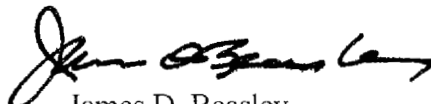
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of Tampa Electric Company's Request for Confidential Classification of information on page 2 of the company's Annual Report on 2002 Risk Management Activities.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosure

cc: All Parties of Record (w/enc.) ,

DOCUMENT NUMBER DATE
03332 APR-9 03
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost Recovery)	
Clause with Generating Performance Incentive)	DOCKET NO. 030001-EI
Factor.)	FILED: April 9, 2003
_____)	

**TAMPA ELECTRIC COMPANY'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Tampa Electric Company (“Tampa Electric” or “the company”), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, hereby requests confidential classification of the highlighted information on page 2 of the company’s Annual Report on 2002 Risk Management Activities (“the Report”) which was filed on a confidential basis with the Commission on April 1, 2003 pursuant to a Notice of Intent to Seek Confidential Classification. Two copies of a public version of the company’s Report with the confidential information redacted were submitted along with Tampa Electric’s Notice of Intent to Seek Confidential Classification. For ease in reference an additional copy of the public version of the Report is attached hereto. In support of its request, Tampa Electric states as follows:

1. 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 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 highlighted information on page 2 of the Report falls within these statutory categories and, thus, constitute propriety confidential business information entitled to protection under Section 366.093 and Rule 25-22.006.

2. Disclosure of the highlighted information on page 2 of the Report would disclose Tampa Electric’s purchasing strategy (both with respect to fuel and purchased power) and the company’s planned risk exposure. Those who have an interest in supplying Tampa Electric’s fuel and purchased power needs could use this valuable information to help them force more favorable terms, to the detriment of Tampa Electric and its ratepayers, than would otherwise be the case. They could learn of the company’s plans and needs and use that information in exacting better prices for meeting those needs.

3. Disclosing the company’s risk exposure levels on a monthly basis would provide an indicator of vulnerability to market price. Would-be suppliers of both fuel and purchased power could simply withhold supply and price their fuel and purchase power offerings at a higher level than they would otherwise. Power suppliers could perform maintenance on their units during months when the company’s exposure is low, so that they would have their power to sell through at high prices during months that Tampa Electric’s exposure is high.

4. Disclosure of the highlighted information on page 2 of the Report would also provide highly sensitive information to recipients regarding the manner and timing of Tampa Electric’s entry into the fuel and purchased power markets. Knowledge of this information would allow the opportunity for market manipulation through transactions made in anticipation of the company’s entry into the market. Market manipulations based on knowledge of the highlighted information would increase the price of fuel and purchased power paid by Tampa Electric’s customers as well as the price paid by the company to hedge the customers’ price of

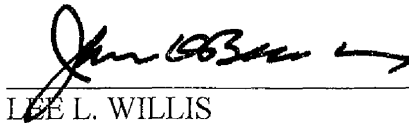
fuel and purchased power. These effects of disclosure would impair the efforts of Tampa Electric to contract for goods and services on favorable terms for the benefit of its customers.

5. The highlighted information on page 2 of the Report for which confidential classification is sought is intended to be and is treated by Tampa Electric as private and has not been publicly disclosed.

WHEREFORE, Tampa Electric respectfully requests that the highlighted information set forth on page 2 of the company's Report be accorded confidential classification for the reasons set forth above.

DATED this 9th day of April 2003.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Request for Confidential Classification has been furnished by U. S. Mail or hand delivery (*) on this 9th day of April 2003

to the following:

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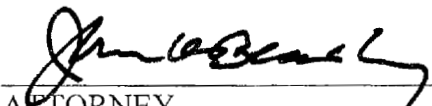
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ATTORNEY

**Annual Report
2002 Risk Management Activities**

Tampa Electric's Risk Management Plan identified the following objectives:

- **Qualitative Objectives**
Tampa Electric's goals in managing risk associated with fuel or power purchases are focused on minimizing supply risk to ensure reliability of electric service to its customers at a reasonable price. To the extent that price risk can be reduced without compromising supply reliability or imposing unnecessary costs on its customers, Tampa Electric is committed to executing strategies to accomplish this.
- **Quantitative Objectives**
Tampa Electric's quantitative objective is to prudently manage its fuel and wholesale energy procurement activities so as to minimize the variance from projected expenditures while taking advantage of cost-saving opportunities that do not result in increased supply risk. Tampa Electric has established a portfolio of fuel and purchased power products with credit-worthy counterparties for known volumes and prices.

2002 Risk Management Activities

The company's activities in 2002 that supported the objectives listed above are described in the following section.

- **Coal Purchases**
Tampa Electric maintains a portfolio of spot market or short-term, medium-term and long-term coal contracts with the goal of minimizing fuel costs and price risk while maintaining reliability of supply. The company procured all of its coal needs for 2002 with suppliers with known, established pricing. Thus, the cost for the commodity was known. Tampa Electric continued to monitor deliveries and take advantage of minimum/maximum volume commitments in these contracts as the pricing in the coal market changed, which allowed Tampa Electric to take advantage of favorable spot market pricing when it became available. Coal represented over 80 percent of the fuel burned in 2002.
- **Coal Risk Management Activities**
Tampa Electric's long-established policy of using physical hedges within its portfolio of different term coal supply contracts and the volume options provided by some of those contracts continued to protect ratepayers from coal price volatility. In 2002, savings from these activities were \$34,805,958, as compared to projected costs, and benefited ratepayers. The costs of

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conducting these risk management activities were included when the base year operations and maintenance (O&M) expense amounts were established.

Natural Gas Purchases

In 2002, approximately three percent of the fuel Tampa Electric purchased was natural gas. Tampa Electric took a prudent, and deliberate approach to procuring and hedging natural gas, recognizing that the company is a relative newcomer in the natural gas market and that its interests and those of its customers would be better served by a cautious and measured initial approach. Despite this initial approach the company succeeded in establishing a natural gas purchasing program that includes the following responsibilities:

- Working closely with the testing team at Bayside Station and updating volume requirements on a daily basis
- Contracting with qualified counterparties
- Hiring natural gas personnel responsible for daily nominations, deal capture, contract administration, natural gas hedging and appropriate reporting
- Establishing databases and reports to monitor activity
- Close interaction and communication with personnel at the pipeline that serves our plants
- Development and execution of a natural gas procurement strategy

Natural Gas Hedging Activities

Natural gas prices are more volatile than coal prices. Therefore, Tampa Electric hedged, using financial instruments, a portion of the natural gas its units burned from July through December 2002 to protect its customers from the risk of unforeseen price increases. The hedges are described in the following table.

Month	Period	Type of Hedge	Total Cost (\$/MMBTU) ⁽¹⁾	Mark-to-Market Savings / (Loss) (\$)	Hedged Volume (MMBTU)	Consumption (MMBTU)	Percent Hedged
July 2002		Swap				556,823	
August 2002		Swap				603,121	
September 2002		Swap				845,199	
October 2002		NA				863,378	
November 2002		NA				131,738	
December 2002		NA				72,641	
Total Period				(203,500)	1,400,000	3,072,900	46%

⁽¹⁾ Includes commodity cost

For 2002, natural gas hedging yielded losses of \$203,500 when the instrument prices were compared to market prices. Tampa Electric used swaps [REDACTED]. The costs associated with these instruments are [REDACTED].

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embedded in the price of the instruments and are included in the fuel commodity costs reported by the company.