

— ORIGINAL —  
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August 8, 2003

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

Re: Petition by Cargill Fertilizer, Inc. to engage in a pilot project for self service wheeling to, from, and between points within Tampa Electric Company's service area; FPSC Docket No. 001048-EQ *1020898-EQ*

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Request for Confidential Classification.

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  
Enclosures

cc: Rosanne Gervasi (w/enc.)

*1 cc:  
comp  
records*

DOCUMENT NUMBER-DATE  
**07304 AUG-8 8**  
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Cargill Fertilizer, Inc. )  
to engage in a pilot project for self service )  
wheeling to, from, and between points )  
within Tampa Electric Company's service )  
area. )  
\_\_\_\_\_ )

DOCKET NO. 001048-EQ

FILED: August 8, 2003

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

Tampa Electric Company ("Tampa Electric" or "the company") hereby requests confidential treatment of certain highlighted information contained in the Quarterly Report corrections being filed this date under a separate cover letter in the above docket and, as grounds therefor, says:

1. Pursuant to Order No. PSC-00-1596-TRF-EQ issued in the above docket on September 6, 2000, Tampa Electric has filed eight quarterly reports identifying the costs and revenues associated with the approved experimental self-service wheeling program. Enclosed for filing are two redacted copies of corrections to Section 1 of the above-mentioned quarterly reports.

2. A single confidential version of the Quarterly Report corrections is being filed under a separate cover letter. Attached hereto as Exhibit "A" is an explanation of the corrections made to the Quarterly Reports and a quantification of the net dollar impact associated with each correction. Attached hereto as Exhibit "B" is a justification for the confidential classification of the information contained in the redacted portions of this filing, which portions are highlighted in yellow on the confidential version of the filing. That information is the "Avoided Fuel and Purchased Power Expense" for each month and each quarter as reflected in Item (9) of each

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quarterly report entitled "Fuel & Purchased Power Cost Recovery." As explained in Exhibit "B" additional information needs to be treated confidentially in order to prevent Tampa Electric's competitors from arithmetically backing into the "Avoided Incremental Fuel and Purchased Power Expense" using the following information:

Under Item (11) in each report, the values shown for "Avoided Energy Cost" and "Net Impact."

3. The Commission has ruled recently in Order No.03-0711, issued in Docket No. 020898-EQ on June 16, 2003, that this same marginal fuel cost information contained in Tampa Electric's quarterly report on the self-service wheeling pilot program is entitled to confidential classification.

4. The confidential information the company seeks to have protected is entitled to confidential treatment pursuant to Section 366.093(3)(d), Florida Statutes, as is more fully set forth in the justification for confidential treatment attached here as Exhibit "B."

5. Tampa Electric treats the highlighted information contained in the subject filing as confidential and has not disclosed that information to the public.

WHEREFORE, Tampa Electric Company respectfully requests that the highlighted information contained in its quarterly Report corrections file this date with the Commission in the above docket be treated as confidential proprietary business information exempt from public records law pursuant to Section 366.093(3)(d), Florida Statutes.

DATED this 8<sup>th</sup> day of August 2003.

Respectfully submitted,

HARRY W. LONG JR.  
Assistant General Counsel – Regulatory  
Tampa Electric Company  
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Tampa, Florida 33601  
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And

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By:   
\_\_\_\_\_  
ATTORNEYS FOR TAMPA ELECTRIC COMPANY

## EXHIBIT A

### **Revisions to Quarterly Self-Service Wheeling Reports Section 1**

#### **Impact of Self-Service Wheeling on Other Tampa Electric Ratepayers**

##### **Modified Methodology**

At the mid-point of the self-service wheeling experimental, Cargill recommended out that self-service wheeling MWs in hours that coincided with optional provision purchases should not be included in the analysis, as Tampa Electric would not have otherwise served the Cargill load. In such hours, no losses or benefits would accrue to other ratepayers. Tampa Electric agreed with Cargill and modified the reports to exclude SSW MWs in hours of optional provision overlap. This change occurred in Quarter 3, 2001. The revised reports for Quarter 1, 2000, Quarter 1, 2001 and Quarter 2, 2001 have been revised to reflect this adjustment for optional provision overlap. The net impact to other ratepayers due to this revision is (\$14,938).

##### **Omissions**

The original impact analyses included neither the benefit of avoided variable production O&M nor the adjustment for line losses that should be applied to avoided fuel and avoided O&M. The revised reports have been corrected to include these benefits. The resulting impact to other ratepayers is \$15,803 for avoided variable O&M adjusted for losses and \$7,179 for the line loss adjustment on avoided fuel. The net impact to other ratepayers due to these revisions is \$22,266.

Omitted from the cost side of the analysis were Tampa Electric's program implementation, maintenance, administration, billing and reporting expense. The costs have been quantified and result in a ratepayer impact of (\$16,871) over the two-year period.

##### **Erroneous Assumptions**

Having no prior experience with self-service wheeling, Tampa Electric made initial assumptions regarding the experiment with Cargill on which the quarterly impact analyses were based. Some of these assumptions, although perhaps valid for other applicants, have proved to be invalid as they relate to the Cargill experiment.

One such assumption was that the MWs Cargill reserved on Tampa Electric's transmission system should equal the load reduction at its designated delivery point(s). However, the MWs reduction was often less than the MWs reservation because the targeted load was less than the MWs reserved or did not exist at all. The analysis worksheet naively applied the transmission wheeling charges to the MW reduction. In the revised analyses, transmission wheeling charges have been applied to Cargill's scheduled energy instead of the energy reduction. The net impact to other ratepayers due to this revision is \$7,656.

Another misguided assumption was the inclusion of the gain on opportunity sales as a benefit from self-service wheeling. Because of the non-firm, unpredictable nature and diminutive size of Cargill's transactions, Cargill's self-service wheeling would never be a factor in Tampa Electric's decision on making opportunity sales. The gain on opportunity sales, originally calculated at (\$9,461), has been excluded in the revised analyses.

### **Updated & Unadjusted Data**

In preparing the quarterly reports, Tampa Electric used data available at the time. This included preliminary marginal purchase prices prior to reconciliation with suppliers. In some months the marginal purchase prices ("highest prices") had been reduced by variable O&M in preparation for invoicing as-available payments, a process that adds variable O&M to each hourly price, including purchase prices for which variable O&M does not apply, to arrive back to the fully loaded purchase price. The revised report utilized the final marginal fuel and purchased prices. The resulting impact of the updated unadjusted marginal fuel and purchased power data was \$10,883.

### **Miscellaneous Input Errors**

Several input errors including on-peak/off-peak hour designation, supplemental/standby designations, and manual input errors were identified. These errors have been corrected in the revised impact analyses. The resulting net impact was \$11,355.

### **Net Impact of Revisions**

As originally filed, the ratepayer impact analyses contained in the eight quarterly reports indicated a total ratepayer impact of (\$61,118) over the two-year program period. Based on the eight revised ratepayer impact analyses, the total impact is (\$49,513). The net impact of the revisions was \$11,605.

## **EXHIBIT B**

### **Justification for Confidential Treatment of Values Shown for “Avoided Fuel and Purchased Power Expense” Under Item (9) in Each Quarterly Report**

Tampa Electric actively participates in the wholesale power market. In that market, Tampa Electric has many competitors. Any entity competing against Tampa Electric who will make wholesale sales to third parties would derive a significant competitive advantage by knowing information reflecting on the probable price or price range Tampa Electric is willing to charge for a particular sale. Disclosing the company's avoided incremental fuel and purchased power expense would disclose to Tampa Electric's wholesale competitors valuable information regarding the cost Tampa Electric could be expected to incur in making a particular sale. Armed with this cost information, Tampa Electric's competitors could more accurately project the price at which Tampa Electric would offer to sell wholesale power. This would enable competitors to structure their own offers to undercut Tampa Electric's price and thereby secure a sale at the expense of Tampa Electric and its general body of ratepayers who benefit from such sales. In addition, disclosing Tampa Electric's avoided incremental fuel and purchased power expense would arm potential purchasers of Tampa Electric's wholesale power with valuable cost information and enable them to offer to buy power from Tampa Electric at slightly above the company's incremental fuel and purchased power cost. This would reduce the gains Tampa Electric might otherwise obtain from wholesale power sale to the ultimate detriment of Tampa Electric and its general body of ratepayers. As such, the avoided incremental fuel and purchased power expense is "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information" and, thus, entitled to confidential treatment pursuant to Section 366.093(3)(e), Florida Statutes.

**Justification for Confidential Treatment of the Values Shown for  
“Avoided Energy Cost” Under Item (11) in Each Report and  
“Net Impact”**

The values in question are not proprietary per se, but can be used to arithmetically derive the highly proprietary values shown under Item (9) of each quarterly report in the line entitled “Avoided Fuel and Purchased Power Expense.” As a consequence, these values need to be treated confidentially as well in order to protect against inadvertent disclosure of the “Avoided Fuel and Purchased Power Expense.” This has been approved by the Commission on numerous occasions in the fuel adjustment proceeding to protect against the inadvertent disclosure of proprietary confidential business information.