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Public Service Commission

April 21, 2004

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COMMISSION  
CLERK

John T. Butler  
Steel Hector & Davis, LLP  
Suite 400  
200 South Biscayne Blvd.  
Miami, Florida 33131-2398

**Re: PSC Docket No. 040001-EI - Fuel and purchased power cost recovery clause with generating performance incentive factor.**

Dear Mr. Butler:

On June 23, 2003, at the audit exit conference for the audit entitled "Florida Power & Light Security and Hedging Base Costs for the Year ended December 2002", FPL requested that certain portions of the staff audit report and the working papers be held in a temporary confidential status pursuant to the provisions of Rule 25-22.006(3)(a)2., Florida Administrative Code. On June 30, 2003, staff filed these materials as Document Nos. 05788-03 and 05789-03.

On July 14, 2003, FPL filed a request for confidential classification concerning this material. This request included highlighted (Document No. 06180-03) and redacted information (Document No. 06181-03).

On October 8, 2003, staff modified Disclosure 1 of the audit report, sent a copy of the modification to FPL and filed a confidential copy of Disclosure 1 as Document No. 09908-03.

On October 30, 2003, FPL filed a reduced request for confidentiality for information contained in this "Security and Hedging" audit report which was filed in Exhibit KLW-1 of Kathy L. Welch's testimony (Document No. 10739-03). Order No. PSC-03-1280-CFO-EI, issued November 10, 2003, granted confidentiality to certain portions of the "Security and Hedging" audit report.

- AUS \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- MMS \_\_\_\_\_
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

While FPL's October 30, 2003, request and Order PSC-03-1280-CFO-EI include the portions of the "Security and Hedging" audit report that were treated as confidential at hearing and resolved the confidentiality of the utility's response to the audit, there is still the outstanding July 14, 2003, request regarding confidential classification of certain material in the audit working papers.

We have read the company's request and Order PSC-03-1280-CFO-EI and find the following perceived deficiencies:

DOCUMENT NUMBER-PAT  
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1) Working Paper 1, Pages 1 and 2, Audit Disclosure No.1

At the hearing, the updated version of this audit comment was placed in public record. It seems release of a copy of this early audit disclosure would not cause harm to the utility.

2) Working Paper 1, Pages 3 through 8

Information from Working Paper 1, Pages 3 through 8, except small portions for Page 6, Audit Disclosure 4, were placed in the public record for use at the hearing. For consistency, any revised request should be updated to reflect what portions of Working Paper 1 are requested to be confidential.

3) Working Paper 1-1, pages 1-4

Working Paper 1-1, Pages 1-4, describe how summarized amounts within the audit report were calculated. These summarized amounts were disclosed for use at the hearing. If the summarized amounts are public record, please explain why the calculations of these amounts should be granted a confidential classification.

4) Working Papers 10-16 and 10-23

Working Papers 10-16 and 10-23 present questions asked of FPL by the PSC auditors. Does the reduction of information requested confidential by FPL for use at the hearing impact the perceived sensitivity of this material? Please explain why release of this material would cause harm.

5) Security Information, Working Paper 43 Series

For security information contained within the audit report, FPL determined that the audit report disclosures did not need to be designated as confidential. This 2002 security information contained within the working papers should be reviewed again to ensure this information qualifies for a confidential classification.

6) Hedging Information, Working Paper 45 Series

For hedging information contained within the audit report, FPL determined that almost all of the audit report disclosures concerning hedging did not need to be designated as confidential. This 2002 information within the working papers concerning hedging matters should be reviewed again to ensure this information qualifies for a confidential classification.

Since these monies are recovered from the ratepayer, it seems as though general budget and financial information, which does not reveal hedging strategies, would not qualify for a confidential classification. Please explain how disclosure of general financial information would reveal hedging strategies.

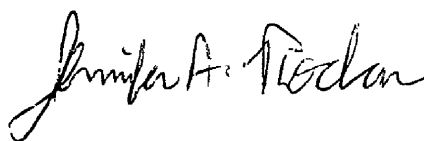
John T. Butler  
Page 3  
April 21, 2004

Utility Response

FPL may respond to these perceived deficiencies in its July 14, 2003, request by amending its filing to include modifying its request, the redacted copies, or highlighted copies by May 14, 2004; otherwise, a recommendation will be presented to the prehearing officer based on the existing pleadings.

If you have any questions concerning this matter, please call me at (850) 413-6189.

Sincerely,

A handwritten signature in black ink that reads "Jennifer A. Rodan". The signature is written in a cursive style with a large initial "J".

Jennifer A. Rodan  
Attorney