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May 25, 2012

BY HAND DELIVERY

Ms. Ann Cole, Clerk
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

claim of confidentiality
notice of intent
 request for confidentiality
filed by OPC

For DN 03358-12, which
is in locked storage. You must be
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COMMISSION
CLERK

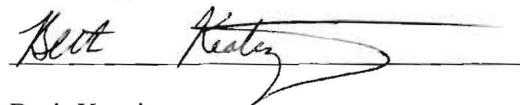
Re: Docket No. 120058-EQ - Petition for approval of a negotiated renewable energy power purchase contract for power purchased with Rayonier Performance Fibers, LLC, by Florida Public Utilities Company.

Dear Ms. Cole:

Enclosed for filing, please find the original and seven (7) copies of Florida Public Utilities Company's Request for Confidential Classification of certain information set forth in the attachments and documents provided in conjunction with the Company's revised and updated Responses to Staff's First Data Requests. Also enclosed with this Request, consistent with Rule 25-22.006, F.A.C., are one highlighted and two redacted copies of the information for which confidential treatment is requested, as well as a confidential CD containing the requested backup files.

As always, please don't hesitate to contact me if you have any questions or concerns in this regard. Thank you for your kind assistance with this filing.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
Attorneys for Florida Public Utilities Company

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Petition of Florida Public Utilities
Company for Approval of Negotiated
Renewable Energy Power Purchase
Contract with Rayonier Performance
Fibers, LLC**

Docket No.: 120058-EQ

Filed: May 25, 2012

FLORIDA PUBLIC UTILITIES COMPANY'S REQUEST
FOR CONFIDENTIAL CLASSIFICATION OF INFORMATION

Florida Public Utilities Company ("FPUC"), by and through its undersigned counsel, pursuant to Section 366.093, Florida Statutes, and consistent with Rule 25-22.006(4), Florida Administrative Code, hereby submits its Request for Confidential Classification of information contained in its Second Revised Attachment B, On Peak/Off Peak and related pricing numbers on the last sheet of revised (reformatted) Appendix F, and all highlighted numbers contained in the Excel spreadsheets included on the CD submitted in response to PSC Staff's follow up questions presented at the May 18 conference addressing the Company's initial Responses to Staff's First Data Requests in the above-referenced Docket. The original Attachment B, which was submitted with FPUC's Petition initiating this Docket, was granted confidential classification by Order No. PSC-12-0180-CFO-EQ, issued April 5, 2012, as was the referenced portion of Appendix F. **FPUC notes and clarifies that it no longer seeks confidentiality with regard to the item identified as Net Present Value of Annual Savings as set forth on each filed version of Attachment B.** In support of this Request, FPUC states that:

1. FPUC requests confidential classification of information in Second Revised Attachment B, to the extent such information pertains to the rates, terms and conditions in the subject Contract between FPUC and Rayonier, as well as the referenced charts at the end of Appendix F

to the extent that they details of the analysis used such that actual numbers/prices could be derived therefrom. Likewise, all of the highlighted numbers on the enclosed CD reflect the back-up data used to make the calculations of the prices, and as such, if released, could be used to calculated and derive the information for which the Company has previously requested confidential classification. Thus, FPUC asks that this information also be afforded confidential classification. The data set forth therein is data provided in the context of confidential contractual negotiations, updated per Staff's Data Request and subsequent conference with Staff on May 18. Both FPUC and Rayonier treat the subject information as proprietary confidential business information consistent with the definition of that term in Section 366.093, Florida Statutes, and to the extent of FPUC's knowledge, this information has not otherwise been publicly disclosed.

2. The information for which FPUC seeks confidential classification meets the definition of "proprietary confidential business information" as set forth in Section 366.093(3), Florida Statutes, which provides:

(3) Proprietary confidential business information means information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public. Proprietary confidential business information includes, but is not limited to:

(a) Trade secrets.+

(b) Internal auditing controls and reports of internal auditors.

(c) Security measures, systems, or procedures.

(d) Information concerning bids or other 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.

(e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.

(f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

More specifically, the information for which FPUC seeks confidential classification falls into the following category: Information concerning bids or other contractual data, consistent with subsection (d) above, the disclosure of which would impair FPUC's ability to contract for goods or services on favorable terms. In other words, the information identifies specific rate, term, or pricing methodology in the Contract. The disclosure of the pertinent information would be detrimental to business operations of the party that provided the information, and in the case of FPUC, would ultimately harm FPUC's ratepayers.

3. The location of the information for which FPUC seeks confidential classification is set forth in the chart below, along with a restatement of the rationale pursuant to which confidentiality is requested.

<u>Page</u>	<u>Line/Section</u>	<u>Rationale</u>
Second Revised Attachment B	On both pages of the Attachment, the highlighted numbers in Columns Year 2012 through Year 2022, all rows for Projected Cost, Projected Annual Savings, as well as the percentage identified at Number 5 of the Assumptions.	Includes information concerning pricing and pricing methodology, the disclosure of which would impair FPUC's future efforts to negotiate and contract for goods and services on reasonable terms and conditions.
Appendix F	Last two highlighted charts at the end of the Appendix F	Includes information concerning pricing and pricing methodology, the disclosure of which would impair FPUC's future efforts to negotiate and contract for goods and services on reasonable terms and conditions.
Confidential CD	All highlighted numbers in each of the included spreadsheets	Includes backup data and workpapers that contain information concerning pricing and pricing methodology, the disclosure of which could be used to derive

<u>Page</u>	<u>Line/Section</u>	<u>Rationale</u>
Continued.		other confidential terms and pricing set forth in the Contract. As such, disclosure would impair FPUC's future efforts to negotiate and contract for goods and services on reasonable terms and conditions.

4. The information specified above is highly proprietary, competitive and contractual information that falls squarely within Sections 366.093(3)(d) and (e), Florida Statutes. Release of the referenced information as a public record would harm FPUC's business operations and ratepayers by impairing the Company's ability to effectively negotiate for goods and services. As such, FPUC requests that the Commission afford this information confidential classification and thus, exempt from Section 119.07, Florida Statutes. Included with this Request is a highlighted copy of Second Revised Attachment B, the referenced page of Appendix F, and the Confidential CD.

5. FPUC asks that confidential classification be granted for a period of at least 18 months. Should the Commission no longer find that it needs to retain the information, FPUC respectfully requests that the confidential information be returned to the Company.

WHEREFORE, FPUC respectfully requests that the highlighted information contained in Second Revised Attachment B, Appendix F, and the enclosed Confidential CD, included with FPUC's updated/revised responses to Staff's First Data Requests be classified as "proprietary

confidential business information,” and thus, exempt from Section 119.07, Florida Statutes.

RESPECTFULLY SUBMITTED this 25th day of May, 2012.



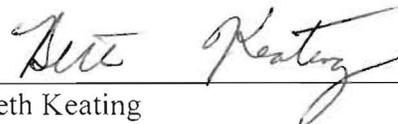
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Attorneys for FPUC

CERTIFICATE OF SERVICE

I HEREBY ATTEST that a true and correct copy of the foregoing Request has been served upon the following by U.S. Mail this 25th Day of May, 2012:

<p>William M. McHugh Associate General Counsel Rayonier Inc. 4474 Savannah Hwy. Jesup, GA 31545</p>	<p>Ms. Cheryl Martin, Director/Regulatory Affairs Florida Public Utilities Company 1641 Worthington Road, Suite 220 West Palm Beach, Fl 33409</p>
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Appendix F
 Negotiated Contract Between Florida Public Utilities Company and Rayonier Performance Fibers, LLC

29-Jul Sunday					
Hour	Peak Hour?	Planned Outage?	Forced Outage?		MWh
1	N	N	N		1.700
2	N	N	N		1.700
3	N	N	N		1.700
4	N	N	N		1.700
5	N	N	N		1.700
6	N	N	N		1.700
7	N	N	N		1.700
8	N	N	N		1.700
9	N	N	N		1.700
10	N	N	N		1.700
11	N	N	N		1.700
12	N	N	N		1.700
13	N	N	N		1.700
14	N	N	N		1.700
15	N	N	N		1.700
16	N	N	Y		0.000
17	N	N	Y		0.000
18	N	N	Y		0.000
19	N	N	Y		0.000
20	N	N	Y		0.000
21	N	N	Y		0.000
22	N	N	Y		0.000
23	N	N	Y		0.000
24	N	N	Y		0.000
Total MWh for the day					25.500
On-Peak MWh for the day					0.000
Off-Peak MWh for the day					25.500
On-Peak Hours					0
Off-Peak Hours					24

30-Jul Monday					
Hour	Peak Hour?	Planned Outage?	Forced Outage?		MWh
1	N	N	Y		0.000
2	N	N	Y		0.000
3	N	N	Y		0.000
4	N	N	Y		0.000
5	N	N	Y		0.000
6	N	N	Y		0.000
7	N	N	Y		0.000
8	N	N	Y		0.000
9	N	N	Y		0.000
10	N	N	Y		0.000
11	N	N	Y		0.000
12	N	N	Y		0.000
13	N	N	Y		0.000
14	Y	N	Y		0.000
15	Y	N	Y		0.000
16	Y	N	Y		0.000
17	Y	N	Y		0.000
18	Y	N	Y		0.000
19	Y	N	Y		0.000
20	Y	N	Y		0.000
21	Y	N	N		1.700
22	N	N	N		1.700
23	N	N	N		1.700
24	N	N	N		1.700
Total MWh for the day					6.800
On-Peak MWh for the day					1.700
Off-Peak MWh for the day					5.100
On-Peak Hours					8
Off-Peak Hours					16

31-Jul Tuesday					
Hour	Peak Hour?	Planned Outage?	Forced Outage?		MWh
1	N	N	Y		0.000
2	N	N	Y		0.000
3	N	N	Y		0.000
4	N	N	Y		0.000
5	N	N	Y		0.000
6	N	N	Y		0.000
7	N	N	Y		0.000
8	N	N	Y		0.000
9	N	N	Y		0.000
10	N	N	Y		0.000
11	N	N	Y		0.000
12	N	N	Y		0.000
13	N	N	Y		0.000
14	Y	N	N		1.700
15	Y	N	N		1.700
16	Y	N	N		1.700
17	Y	N	N		1.700
18	Y	N	N		1.700
19	Y	N	N		1.700
20	Y	N	N		1.700
21	Y	N	N		1.700
22	N	N	N		1.700
23	N	N	N		1.700
24	N	N	N		1.700
Total MWh for the day					18.700
On-Peak MWh for the day					13.600
Off-Peak MWh for the day					5.100
On-Peak Hours					8
Off-Peak Hours					16

On-Peak Hours in Month	
Off-Peak Hours in Month	
Committed Capacity	
On-Peak Service Guarantee	
Off-Peak Service Guarantee	
Minimum On-Peak MWh - Service Guarantee	
Minimum Off-Peak MWh - Service Guarantee	

	Meets Service Guarantee?	Purchase Price	Bill Calculation	Average Price
Actual Monthly On-Peak MWh				
Actual Monthly Off-Peak MWh				

Note: The On-Peak MWh and Off-Peak MWh prices are consistent with the Contract pricing for All-in Prices for the Summer Months. The Average Price shown above is not reflective of the annual average price used in Attachment B and is for example purposes only. This example demonstrates how the contract pricing is determined, inclusive of Planned Outages, and is not representative of projected electricity sales from Rayonier to FPUC.

Rayonier Contract Analysis

Projected MWh Purchased	16,980										
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Projected Cost per MWh - Rayonier Contract											
Projected Cost - Rayonier Contract											
Projected Cost per MWh - JEA Contract											
Projected Cost - JEA Contract											
Projected Cost per MWh - Future Contract											
Projected Cost - Future Contract											
Projected Annual Savings											
Net Present Value of Annual Savings											

Assumptions:

- 1) Power Purchase from Rayonier begins July 1, 2012
- 2) Projected Cost per MWh - Rayonier Contract reflects the projected average price over the entire year
- 3) Projected Cost from JEA and Future Power Provider remains constant over 10 year period
- 4) Provisions of Rayonier Contract will always result in savings compared to alternative purchases (Decremental Cost provision)
- 5) Discount rate for NPV calculation is assumed to be [REDACTED]

Rayonier Contract Analysis

Projected Cost of New Transmission Line:
Poles & Fixtures - Concrete
Overhead Conductors & Devices
Projected Cost of Removal - Old Transmission Line



Accounting Entries for Transaction	Dr	Cr
Record Retirement of Old Transmission Line - Contributed by Rayonier at No Cost		
Accumulated Depreciation	\$0	
Plant in Service		\$0
Record Cost of Removal - Old Transmission Line		
Accumulated Depreciation		
Cash		
Record Cost of New Transmission Line		
Poles & Fixtures - Concrete		
Overhead Conductors & Devices		
Cash		

Cost of Capital (Dec 31, 2011 ESR)

Equity Cost Rate	11.00%
Weighted Equity Cost Rate	4.87%
Revenue Expansion Factor	1.60685
Weighted Equity Cost Rate, times Revenue Expansion Factor	7.825%
Weighted Debt Cost Rate	2.230%
Overall Weighted Cost Rate, inclusive of Revenue Expansion Factor	10.055%

	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
Projected Rate Base (includes Cost of Removal)											
Accumulated Depreciation											
Projected Net Rate Base											
Projected Incremental O&M Costs											
Depreciation Expense - Poles & Fixtures - Concrete (Rate of 2.9%)											
Depreciation Expense - Overhead Conductors & Devices (Rate of 2.4%)											
Property Taxes (Rate of 2.0%)											
Overall Weighted Cost Rate											
Return Requirements of Projected Average Rate Base											
Projected Annual Revenue Requirements	\$0	\$0									
Net Present Value of Projected Annual Rev. Req.											
Overall Net Present Value of Project Savings											

Assumptions:

- 1) New Transmission Line goes into service April 1, 2014
- 2) Old Transmission Line is retired on March 31, 2014
- 3) Projected Incremental O&M Costs are 1% of Plant, increased by 2.5% per year for inflation
- 4) Property Taxes begin in the Year after Plant in put in service
- 5) Discount rate for NPV calculation is assumed to be [REDACTED]
- 6) Projected Annual Revenue Requirements are expected to be allocated to Rate Classification GSLD-1 only