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July 25, 2014

VIA HAND DELIVERY

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED - FPSC  
14 JUL 25 PM 1:19  
COMMISSION  
CLERK

Re: Docket No. 140001-EI

**REDACTED**

Dear Ms. Stauffer:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are an original and seven (7) copies of FPL's Request for Confidential Classification of Certain Information on FPL's 2015 Risk Management Plan, which is Appendix III (Exhibit GJY-3) to FPL's 2014 actual/estimated true-up petition in Docket 140001-EI. The original includes Exhibits A through D. The seven copies do not include copies of the exhibits.

Exhibit A contains the confidential information that is the subject of FPL's Request for Confidential Classification. Exhibit A is submitted for filing separately and marked "**EXHIBIT A**" - **CONFIDENTIAL**. Exhibit B is an edited version of Exhibit A, in which the information FPL asserts is confidential has been redacted. Exhibit C is a justification table in support of Request for Confidential Classification. Exhibit D is the Affidavit of Gerard Yupp in support of FPL's Request for Confidential Classification. In accordance with Rule 25-22.006(3)(d), FPL requests confidential treatment of the information in Exhibit A pending disposition of FPL's Request for Confidential Classification.

Also included herewith is a disc containing FPL's Request for Confidential Classification and Exhibit C.

Please contact me should you or your Staff have any questions regarding this filing.

Sincerely,

Maria J. Moncada

Enclosures  
cc: parties of record, (Request for Confidential Classification w/o exhibits)

- COM
- AFD 2 + EX B and CD
- APA 1
- ECO 1
- ENG 1
- GCL 1
- IDM 1
- TEL
- CLK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchase Power Cost  
Recovery Clause with Generating Performance  
Incentive Factor

Docket No: 140001-EI  
Filed: July 25, 2014

**FLORIDA POWER AND LIGHT COMPANY'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION OF  
CERTAIN INFORMATION ON FPL'S 2015 RISK MANAGEMENT PLAN**

Pursuant to Section 366.093, Florida Statutes (2011), and Rule 25-22.006, Florida Administrative Code (2011), Florida Power & Light Company ("FPL") requests confidential classification of certain information (the "Confidential Information") contained in FPL's 2015 Risk Management Plan ("Hedging Plan"), which is Appendix III (Exhibit GJY-3) to the 2014 actual/estimated true-up petition that is being filed in this docket on July 25, 2014. In support of its Request, FPL states as follows:

1. FPL is filing its 2015 Hedging Plan, Appendix III (Exhibit GJY-3) to the 2014 actual/estimated true-up petition contemporaneously with this request. Portions of the Hedging Plan contain confidential information.
2. The following exhibits are included with and made a part of this request:
  - a. Composite Exhibit A is a copy of the Hedging Plan in which all of the Confidential Information has been highlighted.
  - b. Composite Exhibit B consists of two copies of the Hedging Plan in which all the Confidential Information has been redacted (where entire pages are confidential, FPL includes only identifying cover pages in Exhibit B).
  - c. Exhibit C is a table that identifies the specific line and page references to the Confidential Information for which FPL seeks confidential treatment. The table also references the specific statutory basis for confidentiality and the affiant who supports the requested classification.

d. Exhibit D is the affidavit of Gerard J. Yupp.

3. FPL submits that the highlighted information in Exhibit A is proprietary confidential business information within the meaning of Section 366.093(3). This information is intended to be and is treated by FPL as private, and its confidentiality has been maintained. Pursuant to Section 366.093, such information is entitled to confidential treatment and is exempt from the disclosure provisions of the public records law. Thus, once the Commission determines that the information in question is proprietary confidential business information, the Commission is not required to engage in any further analysis or review such as weighing the harm of disclosure against the public interest in access to the information.

4. As the affidavit in Exhibit D indicates, certain documents provided by FPL contain information related to the Hedging Plan include details of FPL's strategy and plans for hedging fuel purchases in 2015 and beyond. This information constitutes trade secrets of FPL, which allow FPL to hedge its fuel purchases on favorable terms for FPL and its customers. The disclosure of this trade secret information would provide other market participants insight into FPL's marketing and trading practices as well as internal policy and procedures, which would allow them to anticipate FPL's marketing and trading decisions, and in turn could impair FPL's ability to negotiate, to the detriment of FPL and its customers. This information is protected by Section 366.093(3)(a), Fla. Stat.

5. Additionally, the Confidential Information contained in the Hedging Plan includes information that relates to hedging-related bids or other contractual data, the disclosure of which would impair the efforts of FPL to hedge on favorable terms, to the detriment of FPL and its customers. This information is protected by Section 366.093(3)(d), Fla. Stat.



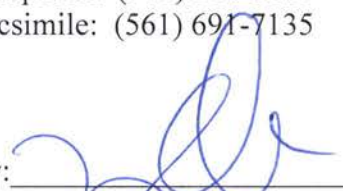
6. Last, the Confidential Information also relates to competitive interests, and its disclosure would impair the competitive business of FPL. This information is protected by Section 366.093(3)(e), Fla. Stat.

7. Upon a finding by the Commission that the Confidential Information highlighted in Exhibit A and referenced in Exhibit C is proprietary confidential business information, the information should not be declassified for at least eighteen (18) months and should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business. *See* §366.093(4), Fla. Stat.

**WHEREFORE**, for the above and foregoing reasons, as more fully set forth in the supporting materials and affidavits included herewith, Florida Power & Light Company respectfully requests that its Request for Confidential Classification be granted.

Respectfully submitted,  
R. Wade Litchfield, Esq.  
Vice President and General Counsel  
John T. Butler, Esq.  
Assistant General Counsel – Regulatory  
Maria J. Moncada  
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Telephone: (561) 304-5639  
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By: \_\_\_\_\_

  
Maria J. Moncada  
Fla. Bar No. 0773301

**CERTIFICATE OF SERVICE**  
**Docket No. 140001-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing (\*) has been furnished by electronic service this 25<sup>th</sup> day of July 2014 to the following:

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By:



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Maria J. Moncada  
Fla. Bar No. 0773301

\* The exhibits to this Request are not included with the service copies, but copies of Exhibits B, C and D are available upon request.

**EXHIBIT A**

**CONFIDENTIAL**

**FILED UNDER SEPARATE COVER**

# **EXHIBIT B**

**REDACTED COPIES**



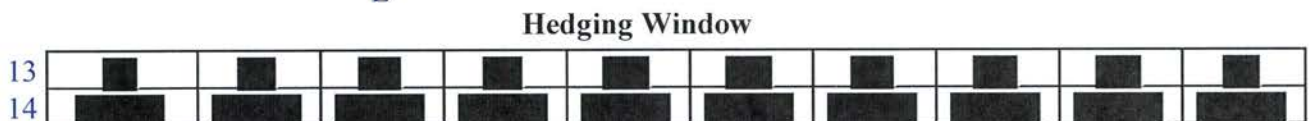
FPL traders generally execute trades with counterparties offering the best price for a given instrument. However, in a case where two or more counterparties are offering similar pricing, the traders will attempt to execute trades with the counterparty that has the least amount of credit exposure with FPL. This is done primarily to allow FPL to spread its risk among as many counterparties as possible, but also affords the advantage of preventing the inadvertent telegraphing of FPL's commercial intentions to the market, thus helping to ensure favorable pricing for FPL's hedges.

**2015 Hedging Strategy (TFB-4, Items 2 and 8)**

FPL plans to hedge a portion of its projected 2016 natural gas requirements during 2015. Absent special circumstances (e.g. a hurricane that FPL concludes will substantially impair market functions); FPL will implement its hedging program within the following parameters:

**Natural Gas**

- 1) FPL will hedge approximately <sup>A</sup> of its projected 2016 natural gas requirements within the Hedging Window during 2015. This hedge percentage is consistent with 2015 hedge levels and is within FPL's system base load requirements. FPL will hedge approximately <sup>B</sup> of each individual month's projected natural gas requirements.
- 2) FPL will utilize <sup>C</sup> to hedge its projected natural gas requirements.
- 3) Should FPL enter into any joint venture transactions for natural gas reserves and these transactions are approved by the FPSC, the expected natural gas production from these transactions will be included as hedged volumes.
- 4) FPL will execute its natural gas hedges for 2016 from <sup>D</sup> through <sup>E</sup> as shown below:



During each month of the Hedging Window, FPL will hedge the percentages shown of its projected 2016 natural gas requirements. FPL will have flexibility within any given month to determine the appropriate timing for executing hedges.

- 5) FPL intends to rebalance its natural gas hedge positions during the year based on changes in forecasted market prices, projected unit outage schedules or

1 changes in FPL's load forecast. Once the initial monthly target volumes have  
2 been hedged, rebalancing will be executed to maintain the hedge percentages  
3 inside approved tolerance bands. The monthly tolerance bands for natural gas  
4 are [REDACTED].<sup>A</sup> Therefore, the minimum and maximum monthly hedge  
5 percentages are [REDACTED] and [REDACTED] respectively.  
B C

### **Heavy Fuel Oil**

FPL does not intend to hedge heavy fuel oil for 2016. FPL discontinued fuel oil hedging in 2013 and the factors that influenced that decision still remain.

### **Reporting System for Fuel Procurement Activities (TFB-4, Items 13 and 14)**

FPL reporting systems comprehensively identify, measure, and monitor all forms of risk associated with fuel procurement activities.

FPL's philosophy on reporting is that it should be timely, consistent, flexible, and transparent. Timely and consistent reporting of risk information is critical to the effective management of risk. The utility has sufficient systems capability for identifying, measuring, and monitoring all types of risk associated with fuel procurement activities. These systems include: deal capture, current and historical pricing database, deal information, valuation models, and a reporting system that utilizes the information in the trade capture system and the database.

Specifically, several reports are available at FPL to monitor risk:

#### Daily Management Report

For each business day there is a formal report produced in hard copy or electronically, for distribution to business and desk heads and members of the EMC. This report details the current energy, spot and forward, unrealized profit and loss, VaR, and position amounts. This report is published only after proper and thorough discussion between Risk Management and desk heads, if necessary for clarification, and resolution of any issues raised.

#### Credit Exposure Reporting

For each business day there is a formal report produced in hard copy or electronically, for distribution to business and desk heads and members of the EMC. This report details:

- Allowable deal types by counterparty
- Restrictions on counterparties

REDACTED VERSION OF CONFIDENTIAL DOCUMENTS

[Pages 2 through 60]

Trading and Risk Management Procedures Manual

REDACTED VERSION OF CONFIDENTIAL DOCUMENTS

[Pages 2 through 27]

Energy Trading and Risk Management Policy



REDACTED VERSION OF CONFIDENTIAL DOCUMENTS

[Pages 1 through 6]

Planned Position Strategy

# **EXHIBIT C**

## **JUSTIFICATION TABLE**

**EXHIBIT C**

**COMPANY:** Florida Power & Light Company  
**TITLE:** Confidential Exhibits  
**DOCKET NO.:** 140001-EI  
**DOCKET TITLE:** Fuel and Purchased Power Cost Recovery Clause  
**SUBJECT:** FPL's 2015 Risk Management Plan  
**DATE:** July 25, 2014

Description	Page No.	Conf. Y/N	Line No./ Col. No.	Florida Statute 366.093(3) Subsection	Affiant
FPL 2015 Risk Management Plan	5	Y	Lns. 1A, 4B, 6C, 11D, 12E, 13, 14	(a),(d),(e)	G. Yupp
FPL 2015 Risk Management Plan	6	Y	Lns. 4A, 5B, 5C	(a),(d),(e)	G. Yupp
Trading and Risk Management Procedures Manual	2 through 60	Y	ALL	(a),(d),(e)	G. Yupp
Energy Trading and Risk Management Policy	2 through 27	Y	ALL	(a),(d),(e)	G. Yupp
Planned Position Strategy	1 through 6	Y	ALL	(a),(d),(e)	G. Yupp

**EXHIBIT D**

**AFFIDAVIT**



EXHIBIT D

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Fuel and Purchase Power Cost Recovery  
Clause with Generating Performance  
Incentive Factor

Docket No. 140001-EI

STATE OF FLORIDA )  
 )  
PALM BEACH COUNTY )

AFFIDAVIT OF GERARD J. YUPP

BEFORE ME, the undersigned authority, personally appeared Gerard J. Yupp who, being first duly sworn, deposes and says:

1. My name is Gerard J. Yupp. I am currently employed by Florida Power & Light Company ("FPL") as Senior Director of Wholesale Operations in the Energy Marketing and Trading Division. I have personal knowledge of the matters stated in this affidavit.

2. I have reviewed the documents and information included in Exhibit A to FPL's Request for Confidential Classification of its 2015 Risk Management (Hedging) Plan. The documents and materials in Exhibit A which are asserted by FPL to be proprietary confidential business information consist of the details of FPL's strategy and plans for hedging fuel purchases in 2015 and beyond. This information constitutes trade secrets of FPL, which allow FPL to hedge its fuel purchases on favorable terms for FPL and its customers. The disclosure of this trade secret information would provide other market participants insight into FPL's marketing and trading practices as well as internal policy and procedures, which would allow them to anticipate FPL's marketing and trading decisions and/or impair FPL's ability to negotiate, to the detriment of FPL and its customers. Additionally, the confidential information contained in the 2014 Risk Management Plan relates to competitive interests and hedging-related bids or other contractual data, the disclosure of which would impair the competitive business as well as the efforts of FPL to contract for goods and services on favorable terms, also to the detriment of FPL and its customers. To the best of my knowledge, FPL has maintained the confidentiality of these documents and materials.

3. Consistent with the provisions of the Florida Administrative Code, such materials should remain confidential for a period of eighteen (18) months. In addition, they should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business so that FPL can continue to maintain the confidentiality of these documents

4. Affiant says nothing further.

*Gerard J. Yupp*  
\_\_\_\_\_  
Gerard J. Yupp

SWORN TO AND SUBSCRIBED before me this 23 day of July 2014, by Gerard J. Yupp, who is personally known to me or who has produced \_\_\_\_\_ (type of identification) as identification and who did take an oath.

*Maritza Mirandese*  
\_\_\_\_\_  
Maritza Mirandese - Notary

My Commission Expires:



Notary Public, State of Florida