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October 1, 1999

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RECORDS AND  
REPORTING

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
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. 990001-EI

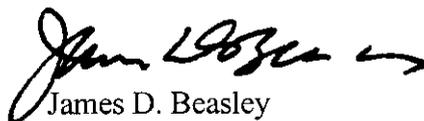
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of Tampa  
Electric Company's Request for Confidential Classification.

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: All Parties of Record (w/o enc.)

DOCUMENT NUMBER-DATE

11922 OCT-1 99

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased )  
Power Cost Recovery Clause )  
with Generating Performance )  
Incentive Factor. )  
\_\_\_\_\_ )

DOCKET NO. 990001-EI  
FILED: October 1, 1999

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

Tampa Electric Company ("Tampa Electric" or "the company") hereby requests confidential treatment of portions of the Exhibit of Mr. Mark J. Hornick being simultaneously filed herewith in the above docket. In support thereof, the company says:

1. Tampa Electric is simultaneously filing under separate cover letter a highlighted version of certain documents contained in Mr. Hornick Exhibit (MJH-1). Tampa Electric is also filing 10 copies of Mr. Hornick's Prepared Direct Testimony and Exhibit (MJH-1) with the confidential information redacted from the exhibit.

2. The highlighted portions of the exhibit are entitled to confidential classification and protection from public disclosure in that they constitute proprietary confidential business information under Section 366.093(d) and (e), Fla. Stat. Attached hereto as Exhibit "A" is a detailed justification for the confidential classification requested herein.

3. Tampa Electric requests that the highlighted information in Mr. Hornick's Exhibit (MJH-1) be protected from public disclosure through October 1, 2001. Public disclosure of the information prior to that date could adversely affect the competitive interests of Tampa Electric's affiliates and thereby adversely affect the ability of Tampa Electric to contract for coal and coal transportation services on favorable terms.

4. The information sought herein to be treated as confidential has been recognized by the Commission on numerous recent occasions to constitute proprietary confidential business information entitled to protection against public disclosure under Section 366.093, Fla. Stat.

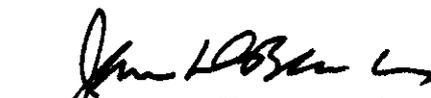
5. Tampa Electric requests that the information for which Tampa Electric seeks confidential classification not be declassified until the date specified in Exhibit "B" to this request. The time periods requested are necessary to allow Tampa Electric's affiliated transportation companies to negotiate future contracts without their competitors (and other customers) having access to information which would adversely affect the ability of these affiliates to negotiate future contracts. The period of time requested will ultimately protect Tampa Electric and its customers.

6. The material for which classification is sought is intended to be and is treated by Tampa Electric and its affiliates as confidential private information and has not been disclosed.

WHEREFORE, Tampa Electric submits the foregoing in support of its request for confidential classification of the highlighted information contained in Mr. Hornick's Exhibit (MJH-1).

DATED this 1<sup>st</sup> day of October, 1999.

Respectfully submitted,

  
\_\_\_\_\_  
LEE L. WILLIS  
JAMES D. BEASLEY  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, FL 32302  
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Treatment, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (\*) on this 13<sup>th</sup> day of October, 1999 to the following:

Mr. Wm. Cochran Keating, IV\*  
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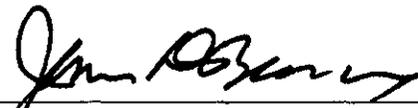
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\_\_\_\_\_  
ATTORNEY

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October 1, 1999

**DETAILED JUSTIFICATION FOR CONFIDENTIAL CLASSIFICATION  
OF EXHIBIT (MJH-1)**

**Document No. 1, Page 2 of 2**

The total price and the weighted average per ton water transportation price from all Tampa Electric coal sources shown on line 1 is entitled to confidential classification under Section 366.093(3)(d) and (e), Fla. Stat. Disclosure of this information would impair the efforts of Tampa Electric to contract for goods and services on favorable terms. In addition, it would harm the competitive interests of Tampa Electric's transportation affiliates and thereby ultimately harm Tampa Electric and its customers. The prices shown on line 1 can be used with other publicly available data to determine the segmented transportation prices for river barge transportation services as well as ocean barge transportation services. There exists vigorous competition among suppliers of these transportation services and any public disclosure of prices charged by Tampa Electric's affiliates would eliminate any negotiating leverage which the affiliates have in marketing their services to others.

The market for bulk commodity transportation is very competitive. Aside from the coal transportation services performed for Tampa Electric, the TECO Transport and Trade affiliates currently transport coal and other bulk commodities for other customers as well. The affiliates anticipate that additional markets for coal will soon develop in Florida for both industrial and electric power generation purposes, and hope to capture a portion of the transportation demand created by those markets. This market is very competitive.

Exhibit "A"

Tampa Electric's transportation affiliates are not engaged solely in the one-way transportation of coal, however, Mid-South Towing Company has provided, and continues to provide, both upstream and downstream transportation services for other bulk commodities, including grain and phosphate products. Electro-Coal Transfer Corporation is involved in the direct vessel-to-vessel transfer of grain and other bulk commodities in addition to the transfer of coal and coke on diverse routes, including phosphates from Florida to New Orleans, and grain from New Orleans to international markets.

As commercial enterprises, the affiliates face significant competition for each of the other transportation, transfer and storage services that they perform. Operators on the inland waterways include approximately 2,000 individual carriers. In size these carriers range from operators of single towboats to those operating large fleets of vessels and barges. Only a very small percentage of inland waterway traffic is subject to regulation. Exempt carriers are not required to publish revenues, operating data rates or financial information.

With reference to the river transportation of coal and other bulk commodities, Mid-South Towing Company's principal competitors include, among others: the Ohio River Company; American Commercial Barge Line Company; Dravo Mechling Corporation; and The Valley Line Company. Mid-South Towing also faces intermodal competition from the railroads.

Electro-Coal Transfer Corporation competes with others for the performance of transfer and storage services. Electro-Coal's principal competitors with both shoreside transfer and ground storage capabilities are: International Marine Terminal; Burnside Terminals, Inc.; and New Orleans Bulk Terminal. A portion of the transfer market is also served by companies whose operations are mid-stream in the Mississippi River. Principal among these is Cooper-Smith Company.

Finally, Gulfcoast Transit Company competes with many other companies to provide ocean-going tug and barge transportation service. Principal among those competitors are: Dixie Carriers, Inc.; Sheridan Towing Company; Red Circle Transport Company; and Beker Industries, Inc.

Disclosing the amounts charged by these affiliates to Tampa Electric would permit the affiliates' other customers, who may be paying higher prices for similar services, to bargain for more favorable terms from the affiliates.

The (over\under) benchmark shown on line 3 requires confidential protection for the same reasons as the total price and weighted average per ton water transportation price shown on line 1, because the information on line 3 is an arithmetic function of lines 1 and 2. Disclosure of the amount on line 3 would enable competitors to determine the value of line 1. Therefore, the line 2 figure is entitled to confidential protection for the same reasons as the amounts shown on line 1.

The total transportation cost shown on line 5 and in the description of the line 1 amount is entitled to confidential protection because it, too, is an arithmetic function of the total tons transported shown in line 4 and the weighted average water transportation price shown in line 1. Therefore, the total transportation cost is entitled to confidential protection for the same reasons referred to above with respect to the line 1 amount.

The total cost (over\under) benchmark amount shown on line 7 is also an arithmetic function of the preceding lines which can be used to calculate the weighted average water transportation cost shown on line 1. Therefore, the line 7 amount is entitled to confidential protection for the same reasons cited above with respect to the amount shown on line 1.

The prior years' cumulative benefit shown on line 8 is, likewise, entitled to confidential protection. This number is an arithmetic function of the prior years' weighted average price for

transportation services and its disclosure would enable a competitor to determine that weighted average price from the total tons transported.

The net benefit of 1988-1996 shown on line 9 is, likewise, entitled to confidential protection. This number is an arithmetic calculation of lines 7 and 8, disclosure of which would allow a competitor to calculate those amounts. Therefore, line 9 is entitled to confidential protection for the same reasons as the amounts on lines 7 and 8.

**Document No. 2, Page 2 of 2**

Tampa Electric requests confidential classification of the weighted average per ton price of coal purchased reflected in line 1. This information is contractual data the disclosure of which would adversely affect the ability of Tampa Electric and Gatliff to contract for the purchase and sale, respectively, of goods (coal) on favorable terms. As such, this information is protected under 366.093(3)(d) and (e), Fla. Stat. If the contractual price charged by Gatliff Coal Company to Tampa Electric for coal supplier under the parties' current contract is made public, it will adversely affect Gatliff's ability to negotiate higher prices with other purchasers. If other potential purchasers know how low Gatliff was willing to price coal sold to Tampa Electric, that price may be viewed by the other potential purchasers as a ceiling on the amount they are willing to pay for Gatliff coal. This would place Gatliff coal at a competitive disadvantage in the negotiating process.

The amount shown on line 3 (over/under benchmark) is entitled to confidential classification because it can be used in conjunction with the coal price benchmark shown on line 2 to determine the Tampa Electric weighted average price of coal purchased shown on line 1.

The total cost shown on line 5 is entitled to confidential classification because it, too, is a function of the average price of coal purchased times the total tons purchased. Disclosure of the total cost would reveal the weighted average price of coal shown on line 1.

The total cost over/under benchmark shown on line 7 is, likewise, entitled to confidential protection. This number is an arithmetic function of the weighted average price of coal purchased and its disclosure would enable a competitor to determine that weighted average price.

Finally, disclosure of the weighted average price per ton of Gatliff coal or any information which would enable one to derive that price would also enable one to derive TECO Transport and Trade's segmented transportation prices using other publicly available information.

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**Date of Declassification:**

<u>DOCUMENT NO.</u>	<u>LINE NO.</u>	<u>DATE</u>
Document No. 1 (Page 2 of 2)	1,3,5,7,8,9	October 1, 2001
Document No. 2 (Page 2 of 2)	1,3,5,7	October 1, 2001

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**Rationale:**

Coal and Coal Transportation Data

1. Tampa Electric seeks protection of the coal and coal transportation contract information specified as confidential for a minimum period of two years.

2. The need for two or more years of confidentiality is vital not only to Tampa Electric and its ratepayers, but to the vendors of coal and coal transportation services as well.

3. Bidders for the sale of coal will always seek to optimize their profit margin. Full knowledge of the prices paid by the utility for coal enables the bidder to increase the price bid and thereby optimize the bid from the viewpoint of the seller and to the detriment of the ratepayer. Tampa Electric firmly believes that the disclosure of information on prices paid within the last two years will increase the price Tampa Electric will be required to pay for coal and will be detrimental to ratepayers.

4. Recent bids received by Tampa Electric contained a considerable per ton spread between the bids. The low bid undoubtedly would have been higher with full knowledge of prices paid by Tampa Electric. Bidders will always seek to optimize their profits by submitting bids that are as high as the market will bear. If market data is disclosed which discourages suppliers from bidding competitively, they will increase their bids to the level of past payments to other suppliers by the buyer.

5. Gatliff Coal and TECO Transport & Trade sell coal and bulk commodity transportation services in the open non-regulated marketplace. The prices at which their goods and services are sold are not publicly disclosed anywhere by publication or voluntary dissemination because it would materially lessen their competitive posture with customers other than Tampa Electric. Outside customers who negotiate for coal or coal transportation services are placed at a competitive advantage for these goods or services if they know the cost of the services.

6. An analyst for an outside customer of Gatliff or TECO Transport who reads the written transcripts of public fuel hearings or reads the written orders of the FPSC can easily discover that until November 1, 1988, Tampa Electric paid cost for coal from Gatliff and for coal transportation from TECO Transport. Further, the publication of the stipulation agreement between the parties in 1988 indicated that the initial benchmark price was close to cost and subsequent testimony indicates the revised contract escalates from cost.

7. As long as an outside customer does not know how such an escalation clause changes price, the cost cannot be calculated. However, publicizing the price of coal or coal transportation services will tell an outside customer how much the escalation has been and make it easy for him to calculate cost. Because of seasonality of costs in both businesses, a full year's cost data is necessary for an accurate cost measurement.

8. A second year must pass before one full year can be compared with a second year to measure the escalation accurately. So a perceptive vendor seeks two years of data to make his cost estimates. The competitive industries recognize that data beyond two years is not helpful to them, as enough factors may change in that time frame for costs to be much different from what was incurred. Any date less than two full years old is extremely valuable to outside customers in contracting for services with Gatliff or TECO Transport. The difference of small amounts per ton can mean millions of dollars' difference in cost.

9. A loss of outside business by Gatliff or TECO Transport will affect not only Gatliff or TECO Transport, but if large enough it could affect the credibility of the companies. The prices negotiated with Tampa Electric by these vendors took into consideration their costs and revenues at the time of negotiation, including the revenues from outside customers. A significant loss of outside business could cause Gatliff or TECO Transport to fail, since under market pricing regulation Tampa Electric will not make up the difference to them in cost. In turn, a failure of these vendors would leave Tampa Electric and its customers with only higher cost alternatives for Blue Gem coal and for coal transportation to Tampa, a higher cost that would be paid by Tampa Electric's ratepayers. So the continued credibility of Gatliff and TECO Transport is important to protect Tampa Electric's ratepayers from higher cost alternatives.

10. The above rationale for a two-year confidential protection of the information in question has been approved by the Commission in this docket. (See, e.g., Order No. PSC-96-0995-CFO-EI, issued August 5, 1996.)