

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery
clause with generating performance incentive
factor.

DOCKET NO. 110001-EI
ORDER NO. PSC-11-0409-CFO-EI
ISSUED: September 23, 2011

ORDER GRANTING CONFIDENTIAL CLASSIFICATION TO PORTIONS OF FLORIDA
POWER & LIGHT COMPANY'S 423 FORMS FOR DECEMBER/NOVEMBER, 2010
(DOCUMENT NO. 01284-11)

On February 25, 2011, pursuant to Section 366.093, Florida Statutes (F.S.), and Rule 25-22.006, Florida Administrative Code (F.A.C.), Florida Power & Light Company (FPL) filed a request for confidential classification of certain information in Florida Public Service Commission ("FPSC" or "Commission") Forms 423-1(a), 423-2, 423-2(a) and 423-2(b) for December/November 2010 submitted in Docket No. 110001-EI. (Document No. 01284-11). This request was filed in Docket No. 110001-EI.

Section 366.093(1), F.S., provides that "any records received by the commission which are shown and found by the commission to be proprietary confidential business information shall be kept confidential and shall be exempt from Section 119.07(1) [the Public Records Act]." Section 366.093(3), F.S., defines proprietary confidential business information as information that is intended to be and is treated by the company as private, in that disclosure of the information would cause harm to the company's ratepayers or business operations, and has not been voluntarily disclosed to the public. Paragraphs (3)(d) and (e) of Section 366.093 F.S., provide that proprietary confidential business information includes, but is not limited to "[i]nformation 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" and "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information."

FPL contends that the information contained in FPSC Forms 423-1(a), 423-2, 423-2(a) and 423-2(b) for December/November 2010, as more specifically described in the table in Attachment A, falls within these categories and, thus, constitutes proprietary confidential business information entitled to protection under Section 366.093, F.S., and Rule 25-22.006, F.A.C. FPL states that this information is intended to be and is treated by as private and has not been publicly disclosed.

FPL's justification for asserting that the information is confidential is found in more detail in Attachment A. FPL contends that part of the information involves contractual information which, if made public, "would impair the efforts of FPL to contract for goods or services on favorable terms" pursuant to Section 366.093(3)(d), F.S. FPL states that some of the information delineates the price per barrel FPL has paid for fuel oil for specific shipments from specific suppliers and that the information would allow suppliers to compare an individual

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supplier's price with the market quote for that date of delivery and thereby determine the contract pricing formula between FPL and that supplier.

FPL contends that disclosure of transportation costs "would impair the efforts of Jacksonville Electric Authority (JEA) acting on its own behalf and as agent for FPL to contract for goods or services on favorable terms" pursuant to Section 366.093(3)(d), F.S. Moreover, FPL states, the service provider itself typically designates the transportation costs in the contract as confidential. JEA maintains this information as confidential pursuant to section 163.01(15)(m), F.S.

FPL also contends that disclosure of the effective purchase price "would impair the efforts of JEA, acting on its own behalf and as agent for FPL, to contract for goods or services at the St. Johns River Power Park (SJRPP) on favorable terms" pursuant to Section 366.093(3)(d), F.S. The data informs other potential coal suppliers as to the price SJRPP is paying for coal. FPL asserts that disclosure of this information, which is particularly sensitive given SJFWP's reliance on long term contracts with fixed price provisions or short term spot transactions, could adversely affect FPL's interests in subsequent solicitations for coal and/or in negotiating coal supply agreements. Further, FPL contends that JEA maintains this information as confidential pursuant to section 163.01(15)(m), F.S.

Additionally, FPL contends that on April 1, 2010, FPL was contacted by the BNSF Railway concerning FPL's disclosure of BNSF transportation rate information on FPL's Form 423 filing. BNSF has asserted that the transportation rate information is confidential pursuant to its Rail Transportation Agreement BNSF-C-12339 with Georgia Power Company ("GPC") and that FPL is obligated to maintain the confidentiality of that information. FPL argues that this information is confidential under Sections 366.093(3)(d) and 366.093(3)(e), F.S., because its disclosure would "impair the efforts of GPC, as agent for FPL to contract for goods and services on favorable terms" and would "impair the competitive business of BNSF.

Time Period For Confidential Classification

FPL requests confidential classification for this information for a period of at least 18 months. According to Section 366.093(4), F.S., confidential classification may only extend for 18 months from the issuance of an Order granting confidential classification unless "the Commission finds, for good cause, that the protection from disclosure shall be for a specified longer period."

Ruling

Upon review, it appears the above-referenced information satisfies the criteria set forth in Section 366.093(3), F.S., for classification as proprietary confidential business information. The information constitutes "[i]nformation 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" and "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Thus, the

information identified in Document No. 01284-11 shall be granted confidential classification.

Pursuant to Section 366.093(4), F.S., the information for which confidential classification is granted herein shall remain protected from disclosure for a period of 18 months from the date of issuance of this Order. At the conclusion of the 18-month period, the confidential information will no longer be exempt from Section 119.07(1), F.S., unless FPL or another affected person shows, and the Commission finds, that the records continue to contain proprietary confidential business information.

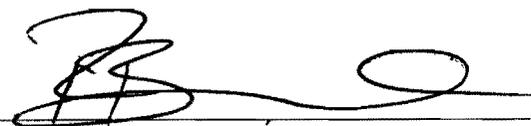
Based on the foregoing, it is

ORDERED by Commissioner Ronald A. Brisé, as Prehearing Officer, that FPL's Request for Confidential Classification of Document No. 01284-11 is granted. It is further

ORDERED that the information in Document No. 01284-11 for which confidential classification has been granted shall remain protected from disclosure for a period of 18 months from the date of issuance of this Order. It is further

ORDERED that this Order shall be the only notification by the Commission to the parties of the date of declassification of the materials discussed herein.

By ORDER of Commissioner Ronald A. Brisé, as Prehearing Officer, this 23rd day of September, 2011.



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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and

time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

ATTACHMENT A

<u>FORM</u>	<u>LINES</u>	<u>COLUMN</u>	<u>RATIONALE</u>
423-1(a)	1-4	H	(1)
423-1(a)	1-4	I	(2)
423-1(a)	1-4	J	(2), (3)
423-1(a)	1-4	K	(2)
423-1(a)	1-4	L	(2)
423- 1 (a)	1-4	M	(2), (4)
423-1(a)	1-4	N	(2), (5)
423-1 (a)	1-4	P	(6), (7), (8)
423-1 (a)	1-4	Q	(61, (7), (8)

Rationale for confidentiality:

(1) This information is contractual information which, if made public, “would impair the efforts of FPL to contract for goods or services on favorable terms.” Section 366.093(3)(d), Fla. Stat. The information delineates the price per barrel FPL has paid for fuel oil for specific shipments from specific suppliers. This information would allow suppliers to compare an individual supplier’s price with the market quote for that date of delivery and thereby determine the contract pricing formula between FPL and that supplier.

Contract pricing formulas generally contain two components, which are: (1) a markup in the market quoted price for that day; and (2) a transportation charge for delivery at an FPL chosen port of delivery. Discounts and quality adjustment components of fuel price contract formulas are discussed in paragraphs 3 and 4. Disclosure of the invoice price would allow suppliers to determine the contract price formula of their competitors. The knowledge of others’ prices (i, e., contract formulas) among fuel oil suppliers is reasonably likely to cause the suppliers to converge on a target price, or to follow a price leader, effectively eliminating any opportunity for a major buyer like FPL to obtain price concessions from any one supplier. The end result is reasonably likely to be increased fuel oil prices and therefore increased electric rates.

(2) The contract data found in Columns I through N are an algebraic function of Column H. That is, the publication of these Columns together, or independently, could allow a supplier to derive the invoice price of oil.

(3) If FPL fuel contracts provide for an early payment incentive in the form of a discount from the invoice price, the existence and amount of such discount is confidential for the reasons stated in paragraph (1) relative to price concessions.

(4) For fuel that does not meet contract requirements, FPL may reject the shipment, or accept the shipment and apply a quality adjustment. The amount of the quality adjustment is, in effect, a

pricing term which is as important as the price itself and is therefore confidential for the reasons stated in paragraph (1) relative to price concessions.

(5) Column N is as important as H from a confidentiality standpoint because of the relatively few times that there are quality or discount adjustments. That is, Column N will equal Column H most of the time. Consequently, Column N needs to be protected for the same reasons as set forth in paragraph (1).

(6) Column R is used to mask the delivered price of fuel such that the invoice or effective price of fuel cannot be determined. Columns P and Q are algebraic variables of Column R. Consequently, disclosure of Columns P and Q would allow a supplier to calculate the invoice or effective purchase price of oil (Columns H and N) by subtracting these columnar variables from Column R.

(7) Terminaling and transportation services in Florida tend to have the same, if not more severe, oligopolistic attributes of fuel oil suppliers. Due to the small demand in Florida for both of these services, market entry is difficult. In instances in which FPL has attempted to determine the level of interest in bidding either or both of these services, FPL has found only a very few qualified parties with such an interest. Consequently, disclosure of these contract data is reasonably likely to result in increased prices for terminaling and transportation services.

(8) Petroleum inspection services also have the market characteristics of an oligopoly. Due to the limited number of fuel terminal operations, there are correspondingly few requirements for fuel inspection services. In FPL's last bidding process for petroleum inspection services, only six qualified bidders were found for FPL's bid solicitations. Consequently, disclosure of these contract data is reasonably likely to result in increased prices for petroleum inspection services.

Justification for Confidentiality for St. Johns River Power Park (SJRRP) Report of December 2010:

<u>FORM</u>	<u>LINES</u>	<u>COLUMN</u>	<u>RATIONALE</u>
423-2	1-3	G, H	(1)
423-2	1-3	H	(2)

Rationale for Confidentiality:

(1) Disclosure of the effective purchase price "would impair the efforts of [JEA, acting on its own behalf and as agent for FPL] to contract for goods or services [at the St. Johns River Power Park (SJRRP)] on favorable terms." Section 366.093(3)(d), Fla. Stat. The data informs other potential coal suppliers as to the price SJRRP is paying for coal. Disclosure of this information, which is particularly sensitive given SJRRP's reliance on long term contracts with fixed price provisions or short term spot transactions, could adversely affect FPL's interests in subsequent solicitations for coal and or in negotiating coal supply agreements. JEA maintains this information as confidential pursuant to section 163.01(15)(m), Fla. Stat. Additionally, providing the purchase price would enable one to ascertain the total transportation charges in Column H by

subtracting the effective purchase price from the delivered price at the transfer facility, shown in Column I.

(2) Disclosure of the total transportation cost “would impair the efforts of [JEA acting on its own behalf and as agent for FPL] to contract for goods or services [at SJWP] on favorable terms.” Section 366.093(3)(d), Fla. Stat. Moreover, the service provider itself typically designates the transportation costs in the contract as confidential. JEA maintains this information as confidential pursuant to section 163.01(15)(m), Fla. Stat. Further, disclosure of this information would enable potential coal suppliers to calculate Column G which FPL seeks to protect by subtracting Column H from Column I.

FORM	LINES	COLUMN	RATIONALE
423-2(a)	1-3	F	(1)
423-2(a)	1-3	H	(1)
423-2(a)	1-3	J	(1)
423-2(a)	1-3	L	(2)

Rationale for Confidentiality:

(1) The information presented in these columns are algebraic derivations of the information in column L that FPL seeks to protect.

(2) Disclosure of the effective purchase price “would impair the efforts of [JEA, acting on its own behalf and as agent for FPL] to contract for goods or services [at the St. Johns River Power Park (SJRPP)] on favorable terms.” Section 366.093(3)(d), Fla. Stat. The data informs other potential coal suppliers as to the price SJRPP is paying for coal. Disclosure of this information could adversely affect FPL’s interests in subsequent solicitations for coal and or in negotiating coal supply agreements. JEA maintains this information as confidential pursuant to section 163,01(15)(m), Fla. Stat. Additionally, providing the purchase price would enable one to ascertain the total transportation charges in Column H on Form 423-2, which FPL seeks to protect, by subtracting the effective purchase price from the delivered price at the transfer facility shown in Column I on Form 423-2.

Justification for Confidentiality for St. Johns River Power Park (SJRRP) Report of December 2010:

FORM	LINES	COLUMN	RATIONALE
423-2(b)	1-3	G	(1)
423-2(b)	1-3	I	(2)
423-2(b)	1-3	P	(2)

Rationale for Confidentiality:

(1) Disclosure of the effective purchase price “would impair the efforts of [JEA, acting on its own behalf and as agent for FPL] to contract for goods or services [at the St. Johns River Power Park (SJRPP)] on favorable terms.” Section 366.093(3)(d), Fla. Stat. The data informs other potential coal suppliers as to the price SJRPP is paying for coal. Disclosure of this information, which is particularly sensitive given SJRPP’s reliance on long term contracts with fixed price provisions or short term spot transactions, could adversely affect FPL’s interests in subsequent solicitations for coal and/or in negotiating coal supply agreements. JEA maintains this information as confidential pursuant to section 163.01(15)(m), Fla. Stat. Additionally, providing the purchase price would enable one to ascertain the total transportation charges in Column P, which FPL seeks to protect, by subtracting the effective purchase price from the delivered price at the transfer facility shown in Column Q.

(2) Disclosure of the total transportation cost “would impair the efforts of [JEA acting on its own behalf and as agent for FPL] to contract for goods or services [at SJRPP] on favorable terms.” Section 366.093(3)(d), Fla. Stat. Moreover, the service provider itself typically designates the transportation costs in the contract as confidential. JEA maintains this information as confidential pursuant to section 163.01(15)(m), Fla. Stat. Further, disclosure of this information would enable potential coal suppliers to calculate Column G which FPL seeks to protect, by subtracting Column P from Column Q.

Justification for Confidentiality for R.W. Scherer (Plant Scherer) Report of November 2010:

<u>FORM</u>	<u>LINES</u>	<u>COLUMN</u>	<u>RATIONALE</u>
423-2	1-7	G, H	(1)

Rationale for Confidentiality:

(1) On April 1, 2010, FPL was contacted by the BNSF Railway, which transports coal to Plant Scherer, concerning FPL’s disclosure of BNSF transportation rate information on FPL’s Form 423 filing. BNSF has asserted that the transportation rate information is confidential pursuant to its Rail Transportation Agreement BNSF-C-12339 with Georgia Power Company (“GPC”) and that FPL is obligated to maintain the confidentiality of that information. Accordingly, FPL is designating as confidential certain information in the Form 423 filing that, by itself or in conjunction with other information in the filing, would reveal publicly BNSF transportation rate information. FPL argues that this information is confidential under Sections 366.093(3)(d) and 366.093(3)(e), Fla. Stat., because its disclosure would “impair the efforts of [GPC, as agent for FPL] to contract for goods and services on favorable terms” and would “impair the competitive business of BNSF.

Justification for Confidentiality for R.W. Scherer (Plant Scherer) Report of November 2010:

<u>FORM</u>	<u>LINES</u>	<u>COLUMN</u>	<u>RATIONALE</u>
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423-2(a) 1-7 F, H, J, L (1)

Rationale for Confidentiality:

(1) On April 1,2010, FPL was contacted by the BNSF Railway, which transports coal to Plant Scherer, concerning FPL’s disclosure of BNSF transportation rate information on FPL’s Form 423 filing. BNSF has asserted that the transportation rate information is confidential pursuant to its Rail Transportation Agreement BNSF-C-12339 with Georgia Power Company (“GPC”) and that FPL is obligated to maintain the confidentiality of that information. Accordingly, FPL is designating as confidential certain information in the Form 423 filing that, by itself or in conjunction with other information in the filing, would reveal publicly BNSF transportation rate information. FPL argues that this information is confidential under Sections 366.093(3)(d) and 366.093(3)(e), Fla. Stat., because its disclosure would “impair the efforts of [GPC, as agent for FPL] to contract for goods and services on favorable terms” and would “impair the competitive business of BNSF.

Justification for Confidentiality for R.W. Scherer (Plant Scherer) Report of November 2010:

<u>FORM</u>	<u>LINES</u>	<u>COLUMN</u>	<u>RATIONALE</u>
423-2(a)	1-7	G, I, P	(1)

Rationale for Confidentiality:

(1) On April 1,2010, FPL was contacted by the BNSF Railway, which transports coal to Plant Scherer, concerning FPL’s disclosure of BNSF transportation rate information on FPL’s Form 423 filing. BNSF has asserted that the transportation rate information is confidential pursuant to its Rail Transportation Agreement BNSF-C-12339 with Georgia Power Company (“GPC”) and that FPL is obligated to maintain the confidentiality of that information. Accordingly, FPL is designating as confidential certain information in the Form 423 filing that, by itself or in conjunction with other information in the filing, would reveal publicly BNSF transportation rate information. FPL argues that this information is confidential under Sections 366.093(3)(d) and 366.093(3)(e), Fla. Stat., because its disclosure would “impair the efforts of [GPC, as agent for FPL] to contract for goods and services on favorable terms” and would “impair the competitive business of BNSF.