



**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

December 3, 1996

961448-EI

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Request for confidential classification of certain
workpapers to Staff audit report regarding affiliated
transactions by Florida Power Corporation.

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MAIL ROOM
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FBI

Dear Ms. Bayó:

Enclosed for filing are an original and fifteen copies of the subject request for confidential classification. Also enclosed is a sealed envelope containing the workpapers subject to the request with the confidential information highlighted and two public copies of the workpapers with the confidential information redacted.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Thank you for your assistance in this matter.

Very truly yours

James A. McGee

JAM/kp
Enclosures

- ACK _____
- AFA _____
- APP _____
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DOCUMENT NUMBER-DATE

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GENERAL OFFICE

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A Florida Progress Company

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for confidential classification of certain workpapers to Staff audit report regarding affiliated transactions by Florida Power Corporation.

Docket No. 961448-Submitted for filing:
December 6, 1996**FLORIDA POWER CORPORATION'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Florida Power Corporation ("FPC"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, F.A.C., requests confidential classification of the highlighted information on the two Staff audit report workpapers contained in the sealed envelope enclosed with this request, and, in support hereof, FPC states as follows:

Background

1. By correspondence dated January 3, 1996, Staff initiated an Affiliated Transaction Audit of FPC (Audit Control No. 96-003-2-1). During the course of the audit, the Staff auditors requested, and FPC provided, numerous documents for review, including certain documents that were identified by FPC as confidential on Document Request Form PSC/AFA 6 (2/95), dated July 10, 1996 (Request 9A).

2. An audit exit conference was held at FPC's general headquarters on November 15, 1996. At the exit conference the Staff auditors informed FPC as to which of the documents subject to FPC's claim of confidentiality that Staff intended to retain as supporting workpapers for its final audit report. Included in these documents are two single-page workpapers of the external auditors of Electric Fuels Corporation (EFC), FPC's affiliated coal supplier which are

contained in the sealed envelope enclosed with this request and are the subject matter of this request. Two public copies of workpapers, with the confidential information redacted, are also enclosed. FPC waives any claim of confidentiality with respect to all other documents identified on the above-referenced Form PSC/AFA 6.

Justification for Confidential Classification

3. The highlighted portion of the first audit workpaper, entitled *FPSC Rate Case Results*, contains sensitive pricing information concerning water-borne coal transportation. Disclosure of this information would impair the ability of FPC, or EFC acting on FPC's behalf, to negotiate future coal and coal transportation contracts on favorable terms. The disclosure of this information, in conjunction with the information on FPSC and FERC Forms 423, would disclose the invoice price of water-borne coal deliveries. This disclosure would result in a reduced ability on the part of EFC to bargain for price concessions on behalf of FPC, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.

4. The highlighted portion of the second audit workpaper, entitled *Allowable Earnings Schedule*, contains sensitive proprietary financial information. The allowable earnings schedule of EFC is a monthly breakdown of EFC's equity, allowable earnings, dividends and contributions for purchases of locomotives. This financial data could be used by competitors and coal suppliers to derive a component of the delivered fuel cost for rail coal deliveries reported in Column (J) on FPSC Form 423 2B for rail deliveries to FPC's Crystal River Units 1 & 2. This cost is internal trade secret information which is not available to any party with whom EFC contracts, railroads or otherwise. If this

information were disclosed to the railroad, their existing knowledge of EFC's rail rates would allow them to determine EFC's total rail costs and be better able to evaluate EFC's opportunity to economically use competing transportation alternatives.

5. The highlighted information in the above-described audit workpapers is intended to be and is treated by FPC and EFC as private and has not been publicly disclosed.

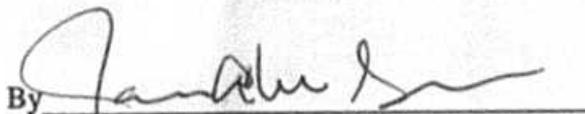
Duration of Confidential Classification

6. FPC requests an 18-month confidentiality period, consistent with Rule 25-22.006 (9)(a), F.A.C. In addition, FPC asks that the audit workpapers containing confidential information be returned to FPC when the Commission no longer needs the information to conduct its business, in accordance with Rule 25-22.006 (9)(b), F.A.C.

WHEREFORE, Florida Power Corporation requests that the highlighted information on the workpapers contained in the sealed envelope enclosed with this request be classified confidential.

Respectfully submitted,

**OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION**

By 

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