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LAW OFFICES

McWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, RIEF & BAKAS, P.A.

LYNWOOD F. ARNOLD, JR.  
JOHN W. BAKAS, JR.  
LINDA C. DARSEY  
C. THOMAS DAVIDSON  
STEPHEN O. DECKER  
VICKI GORDON KAUFMAN  
JOSEPH A. MCGLOTHLIN  
JOHN W. McWHIRTER, JR.  
RICHARD W. REEVES  
FRANK J. RIEF, III  
PAUL A. STRASKE

100 NORTH TAMPA STREET, SUITE 2800  
TAMPA, FLORIDA 33602-5126

MAILING ADDRESS: TAMPA  
P.O. Box 3350, TAMPA, FLORIDA 33601-3350

TELEPHONE (813) 224-0866

FAX (813) 221-1854

CABLE GRANDLAW

PLEASE REPLY TO:  
TALLAHASSEE

TALLAHASSEE OFFICE  
117 S. GADSDEN  
TALLAHASSEE, FLORIDA 32301

TELEPHONE (904) 222-2525

FAX (904) 222-5606

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February 7, 1996

HAND-DELIVERED

Blanca S. Bayo, Director  
Division of Records and Reporting  
Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

*Undocketed*

Re: Docket No. ~~90000000~~, Fuel and Purchased Power Cost Recovery Clause  
and Generating Performance Incentive Factor

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and sixteen copies of The  
Florida Industrial Power Users Group's Response to Staff's Request for Comments on  
FP&L's Request for Confidential Classification, in the above docket.

Please acknowledge receipt of the above on the extra copy enclosed herein and  
return it to me. Thank you for your assistance.

Sincerely,

*Vicki Gordon Kaufman*  
Vicki Gordon Kaufman

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC \_\_\_\_\_
- WAS \_\_\_\_\_
- CTR \_\_\_\_\_

*Dindley*  
*VG/jei*  
*Lina Wagner + 1*

Enclosures

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
01454 FEB-7 96  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL  
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In re: Fuel and Purchased )  
Power Cost Recovery Clause )  
and Generating Performance )  
Incentive Factor )

Docket No. ~~96-100~~

*Undocketed*

Filed: February 7, 1996

**The Florida Industrial Power Users Groups's Response  
to Staff's Request for Comments on FP&L's Request for  
Confidential Classification**

In response to the Staff's request for comments on FP&L's confidentiality request, FIPUG reiterates the comments it filed in this docket on January 2, 1996 and January 24, 1996 and supplements those comments with the following.

**BACKGROUND**

1) The attached schedule furnishes a breakdown of FP&L's power supply and power sales for the period April 1995 through September 1995. FP&L seeks to conceal the basic operating costs of all of its generating units and a large portion of its wholesale transactions in order to maintain a market advantage in the wholesale market for 9/10 of 1% of its power purchases and 1.3% of its total power sales. The schedule demonstrates that the very tip of the tail is attempting to wag the whole dog.

2) FIPUG companies are core customers of FP&L. If they seek to buy power, they can only buy it from FP&L. Whatever FP&L pays to produce or buy the power, core customers are required to guarantee in advance that FP&L will recover its total outlay. If FP&L's transactions in the wholesale market are imprudent, core customers pick up the tab. As long as core customers are required to fully guarantee all of FP&L's fuel costs and purchased capacity

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and fuel costs, they are entitled to examine the details of these expenditures.

3) At the January 31, 1996 workshop, a Florida Power Corporation representative stated that the estimated future costs are more significant to competitors than historic sunk costs. The FP&L representative responded that it may seek confidentiality of future estimated costs after the current confidentiality request is granted. It appears that this case is the first step in seeking a precedent for concealing additional information that should be in the public domain for the benefit of core customers. The request for secrecy should be cut off before it metastasizes.

#### SCHEDULE A4

4) This schedule sets out the operating costs of FP&L's generating units. This schedule enables core customers to validate:

- a. The prudence of operating a unit rather than purchasing power;
- b. That there are no capital costs absorbed in fuel costs;
- c. That purchases are prudent because the avoided cost of operating marginal units is less than the purchase price.

Schedule 4 information has little or no bearing on wholesale prices and the information is readily available from other sources.

#### SCHEDULE A6

4) This schedule discloses wholesale power sales transactions. The information proposed to be deleted enables core customers to:

- a. Validate gain on economy sales;
- b. Ensure that core customers are not subsidizing wholesale transactions;
- c. Ensure that the utility is not subsidizing its wholesale sales through kick backs (i.e. paying more for power that it purchases from wholesale customers than it charges for sales to the same customers);
- d. Determine if there is a breakdown in transactions on the power grid. It came to light at the workshop on January 31, 1996 that there has been a dramatic change in the way that broker transactions are conducted resulting in less information being available for economy dispatch. The information on this subject is spotty, but core customers are entitled to know if the power grid is operating in a fashion to enable FP&L to acquire economy purchases at the most economical price.

#### Schedule 9

5) This schedule discloses economy energy purchases. Core customers need the information to:

- a. Validate gain on economy sales, in conjunction with schedule A6;
- b. Ensure that there are no kick backs;

- c. Validate the comparability of transmission costs.

GENERAL COMMENTS

6) The fuel schedules are the result of a Commission directive a decade ago. The directive should be expanded to include more not less information. Core customers are entitled to examine all utility contracts. For example, according to Appendix IV to the levelized fuel capacity cost recovery petition filed on January 22, 1996, it appears that the annual capacity payments to cogenerators will now exceed \$300 million per year.

7) There is no commission prudence review of wholesale transactions. Instead of granting confidentiality to FP&L for the fuel cost component of its system operations, the Commission should require greater disclosure concerning capacity payments, i.e., who gets them; how was the payment derived; what is the relationship between the capacity seller and FP&L. FP&L pays \$214 million per year to other utilities for capacity payments. The Commission should likewise explore these payments.

8) As FP&L gravitates towards greater off-system transactions for the acquisition of its power, the Commission should encourage competition through full disclosure of price information. Secrecy enables FP&L to increase its market power. After the competition is snuffed out, core customers will have no protection to ensure that prices paid to affiliated companies are prudent.

9) Core customers provide the utility plant that is used to make wholesale sales. This gives FP&L a significant competitive

advantage in the pursuit of wholesale market dominance. All of the proceeds from wholesale sales should flow to core customers through the cost recovery clauses where there has been no separation study to segregate the retail from the wholesale plant instead of only 80% of the economy transactions and a small portion of capacity payments on isolated transactions.

*Willie Gordon Kaufman*  
John W. McWhirter, Jr.  
McWhirter, Reeves, McGlothlin  
Davidson, Rief & Bakas, P.A.  
Post Office Box 3350  
Tampa, Florida 33601-3350

Vicki Gordon Kaufman  
McWhirter, Reeves, McGlothlin,  
Davidson, Rief & Bakas, P.A.  
117 S. Gadsden Street  
Tallahassee, Florida 32301

Attorneys for the Florida  
Industrial Power Users Group

# FP&L CONFIDENTIALITY REQUEST

INFORMATION EXTRACTED FROM FP&L COST RECOVERY TRUE UP APRIL 95-SEPT 95

April thru Sept

## MWH GENERATED AND PURCHASED

Generated	38,807,846	81.865%	Sch A-1 In 5
Bot Total	8,597,001		Sch A-1 In 12
From UPS	4,464,728	9.418%	Sch A-7
From Cogen	2,509,121	5.293%	Sch A-8
From Economy	1,179,420	2.498%	Sch A-9
From OS (SECRECY REQUEST)	443,732	0.936%	Sch A-9
	<hr/>		
	47,404,847	100.000%	Sch A-1 In 13

April thru Sept

## KWH SOLD

RETAIL	40,705,736,376	98.067%	Sch A-1 In 26
TOTAL WHOLESAL	802,155,303		Sch A-2 In B2 & B4
Economy (SECRECY REQUEST)	297,792,000	0.717%	Sch A-6 In 17
St Lucie	183,299,000	0.442%	Sch A-6 In 18
Other sales (SECRECY REQUEST)	232,827,000	0.561%	Sch A-6 In 19
?	88,237,303	0.213%	
	<hr/>		
TOTAL SALES *	41,507,891,679	100.000%	Sch A-1 In 24

\* Sales information excludes sales of RTP incremental power, T&D losses and Co use

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been furnished by U.S. Mail to the following parties of record this 7th day of February, 1996.

Vicki D. Johnson  
Division of Legal Services  
FL Public Service Commission  
2540 Shumard Oak Blvd., Rm 370  
Tallahassee, FL 32399-0850

Matthew Childs  
Steel Hector & Davis  
First Florida Bank Building  
Suite 601  
215 South Monroe Street  
Tallahassee, FL 32301-1804

G. Edison Holland  
Jeffrey Stone  
Beggs & Lane  
Post Office Box 12950  
Pensacola, FL 32576

Floyd Self  
Messer Vickers Caparello  
Madsen Lewis Goldman & Metz  
Post Office Box 1876  
Tallahassee, FL 32302-1876

Richard Salem  
Marian Rush  
Salem, Saxon & Nielson  
101 East Kennedy Blvd.  
Suite 3200  
One Barnett Plaza  
Post Office Box 3399  
Tampa, Florida 33601

John Roger Howe  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399

Lee Willis  
James Beasley  
MacFarlane Ausley Ferguson &  
McMullen  
Post Office Box 391  
Tallahassee, FL 32302

James McGee  
Florida Power Corporation  
Post Office Box 14042  
St. Petersburg, FL 33733

Richard Zambo  
598 S.W. Hidden River Avenue  
Palm City, FL 34990

Peter Brickfield  
James Brew  
Brickfield, Burchette & Ritts  
1025 Thomas Jefferson St., N.W.  
Eighth Floor, West Tower  
Washington, DC 20007

Stephen Yurek  
Dahlen Berg & Co.  
2150 Dain Bosworth Plaza  
60 South Sixth Street, #2150  
Minneapolis, MN 55402

Stephen Feldman  
Post Office Box 0291000  
Miami, Florida 33102-9100

Suzanne Brownless  
1311-B Paul Russell Road  
Suite 202  
Tallahassee, FL 32301

Eugene Trisko  
Post Office Box 596  
Berkley Spring, WV 25411

Mark Logan  
Bryant Miller & Olive  
201 South Monroe Street  
Suite 500  
Tallahassee, FL 32301

*Vicki Gordon Kaufman*  
Vicki Gordon Kaufman