

Justification for Confidentiality for Florida Power & Light Company Report of May 2011:

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

DOCUMENT NUMBER-DATE

05044 JUL 20 =

FPSC-COMMISSION CLERK

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.

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 May 2011:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMNS</u>	<u>RATIONALE</u>
423-2	1-4	G, H	(1)
423-2	1-4	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 SJRRP] 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.

Justification for Confidentiality for St. Johns River Power Park (SJRRP) Report of May 2011:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMN</u>	<u>RATIONALE</u>
423-2(a)	1-4	F	(1)
423-2(a)	1-4	H	(1)
423-2(a)	1-4	J	(1)
423-2(a)	1-4	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 May 2011:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMN</u>	<u>RATIONALE</u>
423-2(b)	1-4	G	(1)
423-2(b)	1-4	I	(2)
423-2(b)	1-4	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 April 2011:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMNS</u>	<u>RATIONALE</u>
423-2	1-8	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 April 2011:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMNS</u>	<u>RATIONALE</u>
423-2(a)	1-8	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 April 2011:

<u>FORM</u>	<u>LINE(S)</u>	<u>COLUMNS</u>	<u>RATIONALE</u>
423-2(b)	1-8	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.