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August 4, 2016

**VIA HAND DELIVERY**

Ms. Carlotta S. Stauffer  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
2016 AUG -4 AM 10:56  
COMMISSION  
CLERK

**Re: Docket No. 160001-EI**

Dear Ms. Stauffer:

I enclose for filing in the above docket Florida Power & Light Company's ("FPL's") Request for Confidential Classification of Certain Information Contained in its Revised 2016 Risk Management Plan. The request includes Exhibits A, B (two copies), C and D.

Exhibit A consists of the confidential documents, and all the information that FPL asserts is entitled to confidential treatment has been highlighted. Exhibit B is an edited version of Exhibit A, in which the information FPL asserts is confidential has been redacted. Exhibit C is a justification table in support of FPL's Request for Confidential Classification. Exhibit D contains the declaration in support of FPL's Request for Confidential Classification.

Please contact me if you or your Staff has any questions regarding this filing.

**REDACTED**

Sincerely,  
  
Maria J. Moncada

Enclosure

cc: Counsel for Parties of Record (w/ copy of FPL's Request for Confidential Classification)

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Fuel and Purchase Power Cost Recovery  
Clause with Generating Performance Incentive  
Factor

Docket No: 160001-EI  
Filed: August 4, 2016

**FLORIDA POWER AND LIGHT COMPANY'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION OF CERTAIN  
INFORMATION ON FPL'S REVISED 2016 RISK MANAGEMENT PLAN**

Pursuant to Section 366.093, Florida Statutes and Rule 25-22.006, Florida Administrative Code, Florida Power & Light Company ("FPL") requests confidential classification of certain information (the "Confidential Information") contained in FPL's Revised 2016 Risk Management Plan ("Revised Hedging Plan"). The original 2016 Risk Management Plan was filed as Appendix III (Exhibit GJY-3) to the 2015 actual/estimated true-up petition that was filed on August 4, 2015. In support of its Request, FPL states as follows:

1. FPL is filing its Revised 2016 Hedging Plan, which replaces the original Exhibit GJY-3, in order to reflect the removal of the Woodford Gas Reserves Project pursuant to the Florida Supreme Court's Order issued on May 19, 2016. Portions of the Hedging Plan contain confidential information.

2. The following exhibits are included with and made a part of this request:

a. Exhibit A is a copy of the Revised Hedging Plan in which all of the Confidential Information has been highlighted.

b. Exhibit B consists of two copies of the Revised Hedging Plan in which all the Confidential Information has been redacted. Where entire pages are confidential, FPL includes only identifying cover pages in Exhibit B.

c. Exhibit C is a table that identifies by column and line the information for which confidential treatment is sought and references the specific statutory bases for the claim of confidentiality and the declarant who supports the requested classification.

d. Exhibit D is the declaration of Gerard J. Yupp in support of this request.

3. FPL submits that the highlighted information in Exhibit A is proprietary confidential business information within the meaning of Section 366.093(3). This information is intended to be and is treated by FPL as private, and its confidentiality has been maintained. Pursuant to Section 366.093, such information is entitled to confidential treatment and is exempt from the disclosure provisions of the public records law. Thus, once the Commission determines that the information in question is proprietary confidential business information, the Commission is not required to engage in any further analysis or review such as weighing the harm of disclosure against the public interest in access to the information.

4. As more fully explained in the declaration in Exhibit D, the Revised Hedging Plan includes details of FPL's strategy and plans for hedging fuel purchases in 2016 and beyond. Certain Confidential Information contained in the Hedging Plan relates to hedging-related bids or other contractual data, the disclosure of which would impair the efforts of FPL to hedge on favorable terms, to the detriment of FPL and its customers. This information is protected by Section 366.093(3)(d), Fla. Stat.

5. Additionally, the Confidential Information contained in the Hedging Plan also relates to competitive interests, and its disclosure would impair the competitive business of FPL. This information is protected by Section 366.093(3)(e), Fla. Stat.


6. Upon a finding by the Commission that the Confidential Information remains proprietary and confidential business information, the information should not be declassified for at least an additional eighteen (18) month period and should be returned to FPL as soon as it is no longer necessary for the Commission to conduct its business. *See* § 366.093(4), Fla. Stat.

**WHEREFORE**, for the above and foregoing reasons, as more fully set forth in the supporting materials and declarations included herewith, Florida Power & Light Company respectfully requests that its Request for Confidential Classification be granted.

Respectfully submitted,

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By: \_\_\_\_\_

  
Maria J. Moncada  
Florida Bar No. 0773301

**CERTIFICATE OF SERVICE**

**Docket No. 160001-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Request for

Confidential Classification has been furnished by electronic mail this 4th day of August 2016

to the following:

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By: \_\_\_\_\_



Maria J. Moncada  
Fla. Bar No. 0773301

\* The exhibits to this Request are not included with the service copies. Copies of Exhibits B, C and D are available upon request.

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**EXHIBIT A**

**CONFIDENTIAL**

**FILED UNDER SEPARATE COVER**

**EXHIBIT B**

**REDACTED COPIES**



FPL traders generally execute trades with counterparties offering the best price for a given instrument. However, in a case where two or more counterparties are offering similar pricing, the traders will attempt to execute trades with the counterparty that has the least amount of credit exposure with FPL. This is done primarily to allow FPL to spread its risk among as many counterparties as possible, but also affords the advantage of preventing the inadvertent telegraphing of FPL's commercial intentions to the market, thus helping to ensure favorable pricing for FPL's hedges.

### **2016 Hedging Strategy (TFB-4, Items 2 and 8)**

Effective July 1, 2016, FPL's hedging strategy for its projected 2017 natural gas requirements will no longer include the Woodford Gas Reserves Project ("Woodford Project") that was approved in Order No. PSC-15-0038-FOF-EI, issued on January 12, 2015. Projected production volumes from the Woodford Project will not be incorporated as such in the percentage of natural gas that FPL hedges for the 2017 period.

Absent special circumstances (e.g. a hurricane that FPL concludes will substantially impair market functions); FPL will implement its hedging program within the following parameters:

- 1) FPL will hedge approximately [REDACTED]<sup>A</sup> of its projected 2017 natural gas requirements within the Hedging Window during 2016 using financial swaps, and/or physical fixed price transactions. This hedge percentage is consistent with the 2016 hedge level and is within FPL's system base load requirements.
- 2) FPL will hedge approximately [REDACTED]<sup>A</sup> of each individual month's projected natural gas requirements. FPL will not financially hedge its projected natural gas requirements beyond the end of calendar year 2017.
- 2) FPL will execute its natural gas hedges for 2017 from [REDACTED]<sup>A</sup> through [REDACTED]<sup>A</sup> ("the Hedging Window"). This Hedging Window represents an expansion from previous Risk Management Plans.
- 3) During each month of the Hedging Window, FPL will hedge between [REDACTED]<sup>A</sup> and [REDACTED]<sup>A</sup> of the target monthly volumes. This percentage range has been expanded from previous Risk Management Plans. FPL is expanding this range to provide more flexibility to make any necessary hedging adjustments. FPL will have flexibility within any given month to determine the appropriate timing for executing hedges.
- 4) FPL intends to rebalance its natural gas hedge positions during the year based on changes in forecasted market prices, projected unit outage schedules or changes in FPL's load forecast. Once the initial monthly target volumes have been hedged, rebalancing will be executed to maintain the hedge percentages inside approved tolerance bands. FPL will maintain an overall hedge

1 percentage that falls within a [REDACTED]<sup>A</sup> tolerance band. Therefore, the minimum  
2 and maximum monthly hedge percentages are [REDACTED]<sup>A</sup> and [REDACTED]<sup>B</sup> respectively.

5) FPL does not intend to hedge heavy fuel oil for 2017. FPL discontinued fuel oil hedging in 2013 and the factors that influenced that decision still remain.

### **Reporting System for Fuel Procurement Activities (TFB-4, Items 13 and 14)**

FPL reporting systems comprehensively identify, measure, and monitor all forms of risk associated with fuel procurement activities.

FPL's philosophy on reporting is that it should be timely, consistent, flexible, and transparent. Timely and consistent reporting of risk information is critical to the effective management of risk. The utility has sufficient systems capability for identifying, measuring, and monitoring all types of risk associated with fuel procurement activities. These systems include: deal capture, current and historical pricing database, deal information, valuation models, and a reporting system that utilizes the information in the trade capture system and the database.

Specifically, several reports are available at FPL to monitor risk:

#### **Daily Management Report**

For each business day there is a formal report produced in hard copy or electronically, for distribution to business and desk heads and members of the EMC. This report details the current Mark to Market (spot and forward), unrealized Mark to Market changes, and VaR. This report is published only after proper and thorough discussion between Risk Management and desk heads, if necessary for clarification, and resolution of any issues raised.

#### **Credit Exposure Reporting**

For each business day there is a formal report produced in hard copy or electronically, for distribution to business and desk heads and members of the EMC. This report details:

- Allowable deal types by counterparty
- Restrictions on counterparties

#### **EMC Update**

The Vice President Trading Risk Management provides a formal update to the EMC on a monthly basis. The agenda for the update will be agreed in advance with the EMC Chairman, but at a minimum contains the following items:

# **EXHIBIT C**

## **JUSTIFICATION TABLE**

**EXHIBIT C**

**COMPANY:** Florida Power & Light Company  
**TITLE:** List of Confidential Exhibits  
**DOCKET TITLE:** Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor  
**DOCKET NO:** 160001-EI  
**DATE:** August 4, 2016

FPL's Revised 2016 Risk Management Plan	5 of 7	Lines 1A, 2A, 3A, 4A, 5A, 6A	(d), (e)	G. Yupp
	6 of 7	Lines 1A, 2A, 2B		

# **EXHIBIT D**

# **DECLARATION**

EXHIBIT D

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchase Power Cost Recovery  
Clause with Generating Performance Incentive  
Factor

Docket No: 160001-EI

STATE OF FLORIDA )  
 )  
COUNTY OF PALM BEACH )      DECLARATION OF **GERARD J. YUPP**

1. My name is Gerard J. Yupp. I am currently employed by Florida Power & Light Company ("FPL") as Senior Director of Wholesale Operations in the Energy Marketing and Trading Division. I have personal knowledge of the matters stated in this written declaration.

2. I have reviewed the documents and information included in Exhibit A to FPL's Request for Confidential Classification of its Revised 2016 Risk Management (Hedging) Plan. The documents and materials in Exhibit A which are asserted by FPL to be proprietary confidential business information consist of the details of FPL's strategy and plans for hedging fuel purchases. Additionally, the confidential information contained in the Revised 2016 Risk Management Plan relates to competitive interests and hedging-related bids or other contractual data, the disclosure of which would impair the competitive business as well as the efforts of FPL to contract for goods and services on favorable terms, also to the detriment of FPL and its customers. To the best of my knowledge, FPL has maintained the confidentiality of these documents and materials.

3. Consistent with the provisions of the Florida Administrative Code, such materials should remain confidential for a period of eighteen (18) months. In addition, the materials should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business so that FPL can continue to maintain the confidentiality of these documents.

4. Under penalties of perjury, I declare that I have read the foregoing declaration and that the facts stated in it are true to the best of my knowledge and belief.

  
\_\_\_\_\_  
GERARD J. YUPP

Date: 8/1/2016