



Florida Power

A Progress Energy Company

ORIGINAL

JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL

March 18, 2002

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED FPSC
02 MAR 19 AM 9:20
COMMISSION
CLERK

Re: Docket No. 020164-EQ;
Request for Confidential Classification.

Dear Ms. Bayó:

Enclosed for filing in the subject docket is the Joint Request for Confidential Classification on behalf of Florida Power Corporation and Cedar Breaks IV, LLC. The information for which confidential classification is sought was filed with Florida Power's Notice of Intent to Request Confidential Classification on February 26, 2002, and was assigned Document No. 02244-02.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

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- MMS _____
- SEC _____
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JAM/scc
Enclosure

cc: Ms. Jane Colby, Cedar Breaks IV, LLC
D. Bruce May, Esquire

RECEIVED & FILED

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for approval of an agreement with Cedar Breaks IV, LLC, to restructure three existing cogeneration contracts.

Docket No. 020164-EQ

Submitted for filing:
March 19, 2002

JOINT REQUEST FOR CONFIDENTIAL CLASSIFICATION

Florida Power Corporation (Florida Power or the Company) and Cedar Breaks IV, LLC (Cedar Breaks), pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., hereby request confidential classification of designated portions of (a) Exhibit 1 to the above captioned Petition of Florida Power filed February 26, 2002, which consists of that certain Master Agreement to Amend and Restate Contracts for the Purchase of Firm Capacity and Energy (the Agreement), to be executed by Florida Power and Cedar Breaks upon approval of the Petition, and (b) Exhibit 2 to the Petition, which consists of calculations of the savings to Florida Power's customers from discounted capacity payments pursuant to the Agreement.¹ In support of their request, Florida Power and Cedar Breaks state as follows:

Background

1. Florida Power is a party to existing negotiated cogeneration contracts with (a) Royster Phosphates, Inc. (later assigned to Polk LP), dated March 17, 1991, with a committed capacity of 30.8 megawatts (the Royster Contract), (b) Mulberry Energy

¹ Exhibits 1 and 2 to the Petition were filed with Florida Power's Notice of Intent to Request Confidential Classification on February 26, 2002, with the confidential information subject to this request highlighted in transparent ink. The confidential exhibits were assigned Document No. 02244-02.

DOCUMENT NUMBER-DATE

03133 MAR 19 02

Company (later assigned to Polk LP), dated March 12, 1991, with a committed capacity of 79.2 megawatts (the Mulberry Contract), and (c) CFR Bio-gen Corporation (later assigned to Orange LP), dated November 19, 1991, with a committed capacity of 74.0 megawatts (the Orange Contract), (collectively, the Existing Contracts). By their terms, the Royster, Mulberry and Orange Contracts terminate on August 8, 2009, August 31, 2024, and December 31, 2025, respectively. Each of the Existing Contracts have been approved for cost recovery by the Commission.

2. The Mulberry and Royster Contracts are both served from a single cogeneration facility located in Polk County (the Mulberry Facility). The Orange Contract is served from a facility located in Polk County (the Orange Facility) that also serves a 23 megawatt cogeneration contract with Tampa Electric Company. Cedar Breaks will acquire the three Existing Contracts by assignment upon consummation of the restructuring which is the subject of the Petition.

3. Because Florida Power's various cogeneration contracts, including the three Existing Contracts, have proven to be relatively high-cost sources of generation, the Company has adopted a mitigation strategy under which a number of initiatives have been undertaken intended to reduce the adverse impact of these contracts on Florida Power and its customers. These initiatives have included the establishment of curtailment provisions for minimum load conditions, strict enforcement of contractual pricing provisions, early termination (buy down) agreements, and the outright purchase of a large cogeneration facility and termination of the associated purchase power agreements. The agreement to restructure the Existing Contracts that is the subject matter of the Petition is another, innovative

example of this ongoing strategy to mitigate the cost of cogeneration purchases to Florida Power's customers.

4. After a series of extensive negotiations, Florida Power and Cedar Breaks decided upon the terms to be included in the Agreement, which they will execute upon approval of Florida Power's Petition by the Commission. The Agreement, which is discussed more fully in the Petition, restructures and amends the Existing Contracts, which Cedar Breaks will acquire by assignment. Among other things, the Agreement will significantly reduce the capacity payments Florida Power would otherwise make under the Existing Contracts.

**The Designated Proprietary Confidential Business Information
Should Be Protected From Disclosure**

5. Subsection 366.093(1), F.S., provides that any records "found by the commission to be proprietary confidential business information shall be kept confidential and shall be exempt from s. 119.07(1) [requiring disclosure under the Public Records Act]." Proprietary confidential business information includes, but is not limited to, "[i]nformation concerning. . . contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms." Section 366.093(3)(d), F.S. It also includes "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Section 366.093(3)(e), F.S.

6. The designated commercial terms of the Agreement and the calculation of cost savings Florida Power's customers will receive as a result of the Agreement's

capacity discounts, Exhibits 1 and 2 to the Petition, respectively, constitute proprietary confidential business information entitled to protection under Section 366.093 and Rule 25-22.006, and is intended to be and is treated by Florida Power and Cedar Breaks as private and has not been disclosed. First, disclosure of the Agreement's key commercial terms would impair Florida Power's efforts to consummate the Agreement itself, and to obtain the benefits it offers for Florida Power's customers. Public disclosure of the details of the cost and revenue streams and other highly negotiated terms of the Agreement would substantially impair the ability of Cedar Breaks to complete the timely restructuring of all of the contracts and financings required to close the transaction. Knowledge of this confidential information would provide other contracting parties engaged in negotiations with Cedar Breaks with unfair leverage in those negotiations, thus impairing Cedar Breaks' ability to obtain viable contracts. If Cedar Breaks is unable to negotiate commercially satisfactory contracts with these other parties, it will not proceed with the proposed, restated Agreement, and Florida Power will not be able to provide the benefits of the Agreement to its customers.

7. In addition, disclosure of the requested confidential information would jeopardize the ability of both Cedar Breaks and Florida Power to negotiate similar restructuring transactions with third parties at other cogeneration facilities. This would impair the competitive business of Cedar Breaks and would impair the efforts of Florida Power to contract for the restructuring of its cogeneration agreements on favorable terms, to the detriment of its customers. In the case of Cedar Breaks, other contract purchasers of QF power who are potential parties to restructuring transactions would begin negotiations using the terms of the Agreement most

favorable to Florida Power as a floor from which to negotiate up, while Cedar Breaks' competitors would use the confidential information to undercut its offers to other QF contract purchasers.

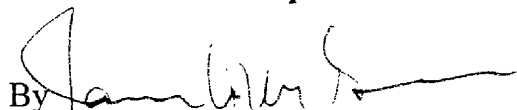
8. In the case of Florida Power, its QF suppliers who may be interested in contract restructuring would use the terms of the Agreement most favorable to Cedar Breaks as a beginning point in their negotiations, thus compromising the Company's bargaining position. Given the number of Florida Power's high cost QF contracts, the potential harm to the Company and its customers from disclosure of the Agreement's sensitive commercial terms is particularly serious.

9. To facilitate the timely filing hereof, the undersigned counsel for Florida Power has been authorized by Cedar Breaks to sign this Joint Request on its behalf. Confirmation of this authorization will be provided by Cedar Breaks.

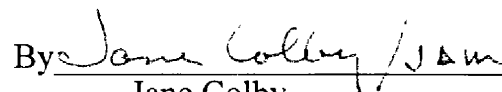
WHEREFORE, Florida Power and Cedar Breaks respectfully request that the highlighted information submitted with Florida Power's February 26, 2002 Notice of Intent be classified as confidential for the reasons set forth above.

Respectfully submitted,

Florida Power Corporation

By 
James A. McGee
Post Office Box 14042
St. Petersburg, Florida 33733

Cedar Breaks IV, LLC

By 
Jane Colby

Attorney for Florida Power Corporation