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Pensacola, Florida 32520

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July 19, 2001

Ms. Blanca S. Bayo, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 010827-EI

Enclosed is Gulf Power Company's Request for Confidential Classification to Gulf's response to interrogatory numbers 10 and 46 of Staff's Set of Interrogatories, Nos. 1-50, and request numbers 9 and 11 of Staff's First Request for Production of Documents, Nos. 1-15, in the above docket.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Gulf Power Company's petition for )  
approval of purchased power arrangement ) Docket No.: 010827-EI  
regarding Smith Unit 3 for cost recovery )  
through recovery clauses dealing with )  
purchased capacity and purchased energy )  
\_\_\_\_\_ )

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished  
this 19th day of July 2001 by U.S. Mail or hand delivery to the following:

Robert Elias, Esquire  
Staff Counsel  
FL Public Service Commission  
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\_\_\_\_\_  
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P. O. Box 12950  
Pensacola FL 32576  
850 432-2451  
Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for )  
approval of purchased power arrangement ) Docket No.: 010827-EI  
regarding Smith Unit 3 for cost recovery ) Date Filed: July 19, 2001  
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\_\_\_\_\_ )

**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

GULF POWER COMPANY ["Gulf Power", "Gulf", or the "Company"], by and through its undersigned attorney and pursuant to Rule 25-22.006, Florida Administrative Code, hereby files a request that the Florida Public Service Commission enter an order protecting from public disclosure portions of Gulf Power's response to interrogatory numbers 10 and 46 of Staff's First Set of Interrogatories to Gulf Power Company (Nos. 1-50) and request numbers 9 and 11 of Staff's First Request for Production of Documents (1-15). As grounds for this request, Gulf Power Company states:

Notices and communications with respect to this Request should be addressed to:

Jeffrey A. Stone, Esquire  
Russell A. Badders, Esquire  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780

1. The Florida Public Service Commission Staff propounded its First Set of Interrogatories (1-50) and First Request for Production of Documents (1-15) on Gulf Power Company on July 10, 2001. Portions of Gulf Power's response to interrogatory numbers 10 and 46 of Staff's First Set of Interrogatories to Gulf Power Company (Nos. 1-50) and request

numbers 9 and 11 of Staff's First Request for Production of Documents (1-15) are being submitted pursuant to this Request for Confidential Classification.

2. Gulf Power's response to certain specified portions of interrogatory numbers 10 and 46, as well as its response to request for production of documents numbers 9 and 11 contain information that is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. Requests for confidential classification were filed on June 22 and 29, 2001, for the proposed purchased power arrangement between Gulf Power and Southern Power Company and for Gulf's "Comparison of Purchased Power Arrangement and Rate Base Treatment of Smith CC Unit" respectively. Most of the information provided by Gulf in response to interrogatory 10 and 46 and request for production of documents numbers 9 and 11 is either the same information provided in the documents submitted pursuant to these two requests for confidential classification or is derived from said documents and would lead to the disclosure of confidential proprietary business information. Specifically, the information provided is the actual contractual terms of the proposed purchased power agreement and calculations involving those terms. The information being provided that is already subject to the two previously filed Requests remains confidential for the same reasons set forth in those two Requests, and those Requests and the arguments contained therein are incorporated by references to the extent necessary to preserve the confidential status of that information. This Request will identify those portions of the responses that are subject to pending requests for confidential classification.

3. Gulf's responses to interrogatory numbers 10 and 46 and request for production of documents numbers 9 and 11 also contains proprietary and commercially sensitive information regarding Gulf Power and Southern Power ("the Companies") that is not a part of the information

for which a Request for Confidential Classification has been filed with the Commission. This information is either derived from the information subject to the pending Requests for Confidential Classification or can be used to derive that information with other available resources. This proprietary and commercially sensitive information would cause irreparable harm to the Companies if disclosed to the general public. This information is entitled to designation as confidential pursuant to Section 366.093(3)(a) and (e), Florida Statutes. The nature of the competitive wholesale market in which Southern Power operates requires that the confidentiality of the specific terms and conditions of the PPA, as well as information supporting and derived therefrom, be assured in order to safeguard Southern Power from the competitive disadvantages that could result from its public disclosure. Long-term power contracts typically contain combinations of a great number of significant price and non-price terms which render each contract unique. Knowing the details of one's competitors' prices and terms and conditions of service confers a distinct advantage on competing suppliers and a corresponding disadvantage to purchasers. Once competitors learn the pricing details and terms and conditions of service offered by their successful counterpart, a market target price and terms is established for wholesale power service in that market. Revelation of such information removes the incentive for competitors to aggressively cut costs, reduce margins and offer better terms and conditions. This competitive intelligence allows future offers to include prices only slightly lower than the public target price and on similar non-price terms. As important is the fact that public disclosure of this information would give competitor's insight into Southern Power's strategy for managing risk, setting prices and meeting obligations of the agreement. In this instance, public disclosure of the specific terms and conditions of the PPA would give competitors access to details about Southern Power's costs

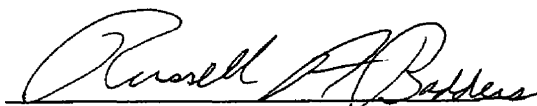
and operations that are not otherwise available in the competitive market. This would result in Southern Power being severely disadvantaged in any bid process in which they participate since other potential bidders would have vital information about Southern Power that they could use to undercut any bid submitted by Southern Power. Southern Power does not have access to any similar information about its competitors. This virtually eliminates Southern Power from being truly competitive in the very market in which it operates its business. On a broader view, the harm to competition in the wholesale electricity market in general is substantial. The competitive process is built on many principles, one of which is the control and flow of vital information. Competition requires bidders to bid in what they perceive is their best offer under the prevailing market constraints based on the best information available to them at that time. Public disclosure of the information filed pursuant to this Request would cause the competitive market to become distorted by an asymmetrical flow of information among the pool of potential bidders. Southern Power's competition would be given far greater information than they are otherwise entitled in the market. Over time, Southern Power could become ineffective as a competitor and competition is then lessened by their inability to participate in the wholesale electricity market in a meaningful manner. In addition, other wholesale electricity suppliers may become hesitant or even decide to forgo participation in the Florida wholesale electricity market for fear that their proprietary and confidential business information and other trade secrets will be made public. Thus, the Companies assert that this information is entitled to designation as confidential pursuant to Section 366.093(3)(a) and (e), Florida Statutes.

4. The information filed pursuant to Request is intended to be, and is treated as, confidential by the Companies and has not been otherwise publicly disclosed.

5. Submitted as Exhibit "A" is a copy of the response to interrogatory numbers 10 and 46 and request for production of documents numbers 9 and 11 on which is highlighted the information for which confidential classification is requested. Exhibit "A" should be treated as confidential pending a ruling on this request. Attached as Exhibit "B" are two (2) edited copies of the responses, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line/field-by-field justification for the request for confidential classification.

WHEREFORE, Gulf Power Company respectfully requests that the Commission enter an order protecting the information highlighted on Exhibit "A" from public disclosure as proprietary confidential business information.

Respectfully submitted this 19<sup>th</sup> day of July 2001,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**Beggs & Lane**

P. O. Box 12950

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Pensacola, FL 32576-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

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**EXHIBIT "A"**  
**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

The information provided herein should be maintained as proprietary confidential business information pursuant to Section 366.093 and Rule 25-22.006, F.A.C.

EXHIBIT "A"

Provided to the Division of Records and Reporting  
under separate cover as confidential information



**EXHIBIT "B"**

EXHIBIT "C"

**Line-by-Line/Field-by-Field Justification**

**Line(s)/Field(s)**

**Justification**

Interrogatory 10, Page 3 Line with total for Smith  
3 CC under 10 year PPA, Column under heading  
with NPV Total Cost

This information is derived from confidential contractual data that was submitted pursuant to a Request for Confidential Classification on June 22, 2001. Public disclosure of this information would result in the disclosure of the actual contractual terms that are entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request.

Interrogatory 10, Page 4, Lines 9-19, Columns B,  
C, D

This information is a price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 10, Page 4, Lines 9-19, Columns E,  
I, K, L, P; and Line 8, Column P

This information is derived from confidential contractual data that was submitted pursuant to a Request for Confidential Classification on June 22, 2001. Public disclosure of this information would result in the disclosure of the actual contractual terms that are entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request.

Interrogatory 10, Page 5, Lines 9-19, Columns C, D

This information is a price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 10, Page 5, Lines 9-19, Columns E, I, K, L, P; and Line 8, Column P

This information is derived from confidential contractual data that was submitted pursuant to a Request for Confidential Classification on June 22, 2001. Public disclosure of this information would result in the disclosure of the actual contractual terms that are entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request.

Interrogatory 46  
Page 6, Lines 10-22, Columns A, B, C  
Page 6, Lines 24-36, Columns A, B, C  
Page 6, Lines 38-50, Columns A, B, C  
Page 6, Lines 52-64, Columns A, B, C

This information is a price or non-price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 46

Page 6, Lines 10-22, Columns D, F  
Page 6, Lines 24-36, Columns D, F  
Page 6, Lines 38-50, Columns D, F  
Page 6, Lines 52-64, Columns D, F

This information is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request. Disclosure of this information would reveal contractual terms and competitively sensitive business information.

Interrogatory 46

Page 7, Lines 10-22, Columns A, B, C  
Page 7, Lines 24-36, Columns A, B, C  
Page 7, Lines 38-50, Columns A, B, C  
Page 7, Lines 52-64, Columns A, B, C

This information is a price or non-price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 46

Page 7, Lines 10-22, Columns D, F  
Page 7, Lines 24-36, Columns D, F  
Page 7, Lines 38-50, Columns D, F  
Page 7, Lines 52-64, Columns D, F

This information is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request. Disclosure of this information would reveal contractual terms and competitively sensitive business information.

Interrogatory 46  
Page 8, Lines 10-22, Columns A, B, C  
Page 8, Lines 24-37, Columns A, B, C

This information is a price or non-price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 46  
Page 8, Lines 10-22, Columns D, F  
Page 8, Lines 24-37, Columns D, F

This information is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request. Disclosure of this information would reveal contractual terms and competitively sensitive business information.

Interrogatory 46  
Page 9, Lines 10-22, Column B  
Page 9, Lines 24-36, Column B  
Page 9, Lines 38-50, Column B  
Page 9, Lines 52-64, Column B

This information is a price or non-price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 46  
Page 9, Lines 10-22, Column C  
Page 9, Lines 24-36, Column C  
Page 9, Lines 38-50, Column C  
Page 9, Lines 52-64, Column C

This information is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request. Disclosure of this information would reveal contractual terms and competitively sensitive business information.

Interrogatory 46  
Page 10, Lines 10-22, Column B  
Page 10, Lines 24-36, Column B  
Page 10, Lines 38-50, Column B  
Page 10, Lines 52-64, Column B

This information is a price or non-price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 46  
Page 10, Lines 10-22, Column C  
Page 10, Lines 24-36, Column C  
Page 10, Lines 38-50, Column C  
Page 10, Lines 52-64, Column C

This information is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request. Disclosure of this information would reveal contractual terms and competitively sensitive business information.

Interrogatory 46  
Page 11, Lines 10-22, Column B  
Page 11, Lines 24-37, Column B

This information is a price or non-price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Interrogatory 46  
Page 11, Lines 10-22, Column C  
Page 11, Lines 24-37, Column C

This information is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request. Disclosure of this information would reveal contractual terms and competitively sensitive business information.

Request for Production 9  
Page 2, Line with total for Smith 3 CC under  
10 year PPA, Column under heading with  
NPV Total Cost

This information is derived from confidential contractual data that was submitted pursuant to a Request for Confidential Classification on June 22, 2001. Public disclosure of this information would result in the disclosure of the actual contractual terms that are entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request.

Request for Production 9  
Page 3, Lines 9-19, Columns B, C, D

This information is a price term of the contract and is entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. This information is the subject of two pending Requests for Confidential Classification filed on June 22 and 29, 2001. The basis for this information being designated as confidential is more fully set forth in those previously filed Requests.

Request for Production 9  
Page 3, Lines 9-19, Columns E, I, K, L, P;  
and Line 8, Column P

This information is derived from confidential contractual data that was submitted pursuant to a Request for Confidential Classification on June 22, 2001. Public disclosure of this information would result in the disclosure of the actual contractual terms that are entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request.

Request for Production 11  
Page 2, Line with total for Smith 3 CC under  
10 year PPA, Column under heading with  
NPV Total Cost

This information is derived from confidential contractual data that was submitted pursuant to a Request for Confidential Classification on June 22, 2001. Public disclosure of this information would result in the disclosure of the actual contractual terms that are entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request.

Request for Production 11  
Page 3, Lines 9-19, Columns B, C, D

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Request for Production 11  
Page 3, Lines 9-19, Columns E, I, K, L, P;  
and Line 8, Column P

This information is derived from confidential contractual data that was submitted pursuant to a Request for Confidential Classification on June 22, 2001. Public disclosure of this information would result in the disclosure of the actual contractual terms that are entitled to designation as confidential pursuant to Sections 366.093(3)(a), (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraphs 2 and 3 of this Request.