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Pensacola, Florida 32520

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August 8, 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 for certain portions of the Company's responses to interrogatory numbers 53 and 57 of Commission Staff's Second Set of Interrogatories, Nos. 51-60, in the above docket.

Sincerely,

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

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

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 ) Date Filed: August 9, 2001  
through recovery clauses dealing with )  
purchased capacity and purchased energy. )  
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**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

GULF POWER COMPANY ("Gulf Power", "Gulf", or the "Company") and Southern Power Company ("Southern Power")(collectively the "Companies"), by and through their 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 certain portions of Gulf Power Company's responses to interrogatory numbered 53 and 57 of Staff's Second Set of Interrogatories (51-60). 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	Susan D. Ritenour
Russell A. Badders, Esquire	Assistant Secretary and Assistant Treasurer
Beggs & Lane	Gulf Power Company
P. O. Box 12950	One Energy Place
Pensacola, FL 32576-2950	Pensacola, FL 32520-0780

1. The Florida Public Service Commission Staff propounded its Second Set of Interrogatories (51-60) and Second Request for Production of Documents (16-20) on Gulf Power Company on July 30, 2001. Portions of Gulf Power's responses to interrogatory numbers 53 and 57 of Staff's Second Set of Interrogatories to Gulf Power Company (Nos. 51-60) are being submitted pursuant to this Request for Confidential Classification.

2. Gulf Power's responses to interrogatory numbers 53 and 57 of Staff's Second Set of Interrogatories to Gulf Power Company (Nos. 51-60) contains proprietary and commercially sensitive information regarding Gulf and Southern Power which if disclosed to the general public

would cause irreparable harm to the Companies. The Companies assert that this information is entitled to designation as confidential pursuant to Section 366.093(3)(a) and (e), Florida Statutes. During the past 5 years, the wholesale electricity markets in the United States have become increasingly competitive. The nature of the competitive wholesale market in which Southern Power operates requires that the confidentiality of the specific terms and conditions of the Purchased Power Arrangement (“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. In addition, public disclosure of this information would give competitors insight into Southern Power’s strategy for managing risk and setting prices. In this instance, public disclosure of the specific terms and conditions of the PPA, as well as the information supporting and derived therefrom, 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.

3. The information provided in Gulf Power's responses to interrogatory numbers 53 and 57 of Staff's Second Set of Interrogatories to Gulf Power Company (Nos. 51-60) is also entitled to confidential classification as information concerning contractual data, the disclosure of 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), Florida Statutes, provides that such information is proprietary confidential business information to be afforded protection from public disclosure. For the reasons stated in paragraph 2 above, the public disclosure of the specific contractual terms and conditions of the PPA would result in irreparable harm to Southern Power. Gulf would suffer similar harm, but from the perspective of a purchaser in the wholesale energy market. Southern Power will not enter into the PPA with Gulf if the terms and conditions of said PPA are publicly disclosed. Other entities with whom Gulf may desire to enter into a purchased power agreement in the future may have the same concerns and take the same position. Gulf would then be in a very difficult market position and may be unable to

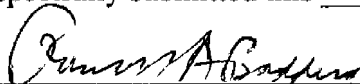
acquire purchased power at a competitive price. The PPA was filed with the Commission pursuant to a Request for Confidential Classification on June 22, 2001.

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 Gulf's responses, 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 8<sup>th</sup> day of August 2001,



**JEFFREY A. STONE**

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**Attorneys for Gulf Power Company**

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Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished  
this 8<sup>th</sup> day of August 2001 by U.S. Mail or hand delivery to the following:

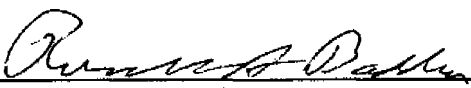
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