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ASSOCIATE GENERAL COUNSEL  
PROGRESS ENERGY SERVICE CO., LLC

COMMISSION  
CLERK

October 8, 2004

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

Re: Docket No. 040001-EI-Request for Specified Confidential Treatment

Dear Ms. Bayo:

Enclosed for filing is the original plus 10 copies of Progress Energy Florida, Inc.'s Request for Specified Confidential Treatment regarding the Company's FPSC 423 Forms for the month of July 2004. Attachment C to the Request is an unedited copy of the forms which denotes the confidential information with shading. **This document should be treated as Specified Confidential.** Edited copies of the forms, which may be made public, have been submitted for filing this date under separate cover.

Please acknowledge your receipt and filing of the above on the enclosed copy of this letter and return same to me.

Very truly yours,

James A. McGee

CMP \_\_\_\_\_

COM \_\_\_\_\_

CTR \_\_\_\_\_

ECR 1

GCL 1

OPC \_\_\_\_\_

MMS \_\_\_\_\_

RCA \_\_\_\_\_

SCR \_\_\_\_\_

SEC 1

OTH 1

JAM:at

Enclosures

cc: Parties of record

1 cert records

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DOCUMENT NUMBER: DATE

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FPSC-COMMISSION CLERK

**Progress Energy Florida, Inc.**

CERTIFICATE OF SERVICE

Docket No. 040001-EI

I HEREBY CERTIFY that a true copy of Progress Energy Florida, Inc.'s FPSC 423 Forms for the months of July 2004 have been furnished to the following individuals by regular U.S. Mail this 8th day of October 2004.

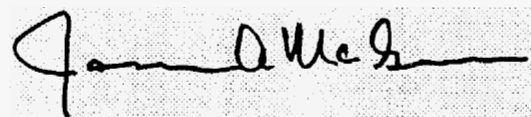
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July-2004  
Docket No. 040001-EI

**Request for Specified Confidential Treatment**

**FORM 423-1A**

<b><u>Line(s)</u></b>	<b><u>Column</u></b>	<b><u>Justification</u></b>
1, 3-4, 6-12, 14-16, 18-19, 22, 24-31, 33- 38, 40	H	(1) The information under Column H, "Invoice Price", identifies the basic component of the contract pricing mechanism. Disclosure of the invoice price, particularly if in conjunction with information under other columns discussed below, would enable suppliers to determine the pricing mechanisms of their competitors. The likely result would be greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as FPC to bargain for price concessions, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.
1, 3-4, 6-12, 14-16, 18-19, 22, 24-31, 33- 38, 40	I	(2) Disclosure of the Invoice Amount, when divided by the Volume figure available from column G, would also disclose the Invoice Price in column
1, 3-4, 6-12, 14-16, 18-19, 22, 24-31, 33- 38, 40	J	(3) Disclosure of the Discount, in conjunction with other information under columns K, L, M or N, could also disclose the Invoice Price shown in column H by mathematical deduction. In addition, disclosure of discounts resulting from bargaining concessions would

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
		impair the ability of FPC to obtain such concessions in the future for the reasons discussed in item (1) above.
1, 3-4, 6-12, 14-16, 18-19, 22, 24-31, 33-38, 40	K	(4) See item (3) above.
1, 3-4, 6-12, 14-16, 18-19, 22, 24-31, 33-38, 40	L	(5) See item (3) above.
1, 3-4, 6-12, 14-16, 18-19, 22, 24-31, 33-38, 40	M	(6) See item (3) above.
1, 3-4, 6-12, 14-16, 18-19, 22, 24-31, 33-38, 40	N	(7) See item (3) above. This column is particularly sensitive because it is usually the same as or only slightly different from the Invoice Price in column H.

1, 3-4, 6-12, 14-16,  
18-19, 22, 24-31, 33-  
38, 40

O

(8) Disclosure of the Transportation to Terminal Charges, in conjunction with the information under column Q, would also disclose the Effective Purchase Price in column N by subtracting them from the Delivered Price available in column R.

1, 3-4, 6-12, 14-16,  
18-19, 22, 24-31, 33-  
38, 40

Q

(9) See item (8) above.

FORM 423-2

<u>Plant Name: Line(s)</u>	<u>Column</u>	<u>Justification</u>
McDuffie Coal Term.: 1 Transf. Facility IMT: 1-9 Crystal River 1&2: 1-4 Crystal River 4&5 : 1-6	G	(10) The Effective Purchase Price is also found on Form 423-2A, column L, and on Form 423-2B, column G. In nearly every case it is the same as the F.O.B. Mine Price found under column F on Form 423-2A, which is the current contract price of coal purchased from each supplier by Electric Fuels Corporation (EFC) for delivery to FPC. Disclosure of this information would enable suppliers to determine the prices of their competitors, which would likely result in greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as EFC to bargain for price concessions on behalf of FPC, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect. In addition, disclosure of the Effective Purchase Price would also disclose the Total Transportation Cost in column H by subtracting column G from the F.O.B. Plant Price in column I.
McDuffie Coal Term.: 1 Transf. Facility IMT: 1-9 Crystal River 1&2: 1-4 Crystal River 4&5: 1-6	H	(11) See item (25) below. In addition, disclosure of the Total Transportation Cost, when subtracted from the F.O.B. Plant Price in column I, would also disclose the Effective Purchase Price in column G.

FORM 423-2A

<u>Plant Name:</u> <u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
McDuffie Coal Term.: 1 Transf. Facility IMT: 1-9 Crystal River 1&2: 1-4 Crystal River 4&5: 1-6	F	(12) The F.O.B. Mine Price is the current contract price of coal purchased from each supplier by EFC for delivery to FPC. Disclosure of this information would enable suppliers to determine the prices of their competitors, which would likely result in greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as EFC to bargain for price concessions on behalf of FPC, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.
McDuffie Coal Term.: None Transf. Facility IMT: None Crystal River 1&2: None Crystal River 4 & 5: None	G	(13) Short haul and loading charges.
McDuffie Coal Term.: 1 Transf. Facility IMT: 1-9 Crystal River 1&2: 1-4 Crystal River 4&5: 1-6	H	(14) The Original Invoice Price is the same as the F.O.B. Mine Price in column F, except in rare instances when the supplier is willing and able to disclose its short haul and loading costs (column G), if any, included in the contract price of coal. Disclosure would therefore be detrimental for the reasons identified in item (12) above.

McDuffie Coal Term.

1

Transf. Facility IMT:  
1-9

Crystal River 1&2

1-4

Crystal River 4&5

1-6

I

(15) Retroactive Price Increases are normally received well after the reporting month and are included on Form 423-2C at that time, along with the resulting new price. Disclosure of this information would therefore disclose the F.O.B. mine price.

McDuffie Coal Term.:

1

Transf. Facility IMT:  
1-9

Crystal River 1&2:  
1-4

Crystal River 4&5:  
1-6

J

(16) The Base Price is the same as the Original Invoice Price in column H, since retroactive price adjustments (column I) are normally received well after the reporting month and are included on Form 423-2C at that time. Disclosure would therefore be detrimental for the reasons identified in item (12) above.

McDuffie Coal Term.:

1

Transfer Facility IMT

1-9

Crystal River 1&2

1-4

Crystal River 4&5

1-6

K

(17) Quality Adjustments are normally received well after the reporting month and are therefore included on Form 423-2C at that time. These adjustments are based on variations in coal quality characteristics (usually BTU content) between contract specifications and actual deliveries. Disclosure of this information would allow the F.O.B. mine price to be calculated using the associated tonnage and available contract BTU specifications.



McDuffie Coal Term.: 1	L	(18) The Effective Purchase Price is the same as the Base Price in column J, since quality adjustments are normally not reported in column K. Disclosure would therefore be detrimental for the reasons identified in item (12) above.
Transf. Facility IMT: 1-9		
Crystal River 1&2: 1-4		
Crystal River 4&5: 1-6		

**FORM 423-2B**

**Plant Name:**

<u>Line(s)</u>	<u>Column</u>	<u>Justification</u>
McDuffie Coal Term.: 1	G	(19) See item (10) above.
Transf. Facility IMT: 1-9		
Crystal River 1&2: 1-4		
Crystal River 4&5: 1-6		
McDuffie Coal Term.: 1	I	(20) The information under Rail Rate is a function of EFC's contract rate with the railroad and the distance between each coal supplier and Crystal River. Since these distances are readily available, disclosure of the Rail Rate would effectively disclose the contract rate. This would impair the ability of a high volume user such as EFC to obtain rate concessions, since railroads would be reluctant to grant concessions that other rail users would then expect.
Trans. Facility IMT: N/A		
Crystal River 1&2: 1-4		
Crystal River 4&5: 1-6		
McDuffie Coal Term.: 1	J	(21) Other Rail Charges consist of EFC's railcar ownership cost. This cost is internal trade secret information which is not available to any party with whom EFC contracts, railroads or otherwise. If this information were disclosed to the railroad, their existing knowledge of EFC's rail rates would allow them to determine EFC's total rail cost and be better able to evaluate EFC's opportunity to economically use competing transportation alternatives.
Trans. Facility IMT: N/A		
Crystal River 1&2: 1-4		
Crystal River 4&5: 1-6		

McDuffie Coal Term.:

1

Transf. Facility IMT:  
1-9

P

Crystal River 1&2:  
1-4

Crystal River 4&5:  
1-6

(22) The figures under Transportation Charges are the same as the Total Transportation Cost under column H on Form 423-2. See item (11) above. In the case of rail deliveries to the Crystal River Plants, these figures represent EFC's current rail transportation rate. In the case of waterborne deliveries to the Crystal River Plants, the figures represent EFC's current Gulf barge transportation rate. In the case of waterdeliveries to the IMT "Plant", the figures represent EFC's current river transportation rate. Disclosure of these transportation rates would enable coal suppliers to bid a F.O.B. mine price calculated to produce a delivered plant price at or marginally below FPC's current delivered price, which is available on Form 423-2, column I. Without this opportunity to calculate a perceived maximum acceptable price, suppliers would be more likely to bid their best price.

FORM 423-2C

Plant Name:	<u>Column</u>	<u>Justification</u>
<u>Line(s)</u>		
McDuffie Coal Term.: 1	J	(23) The type of information under this column and column K relates to the particular column on Form 423-2, 2A, or 2B to which the adjustment applies (identified in column I). The column justifications above also apply to the adjustments for those column reported on Form 423-2C. In particular, see item (14), Retroactive Price Increases, and item (16), Quality Adjustments, which apply to the majority of the adjustments on Form 423-2C.
Transf. Facility IMT: 1-4		
Crystal River 1&2: 1-1		
Crystal River 4&5: 1-2		
McDuffie Coal Term.: 1	K	(24) See item (26) above.
Transf. Facility IMT: 1-4		
Crystal River 1&2: 1-1		
Crystal River 4&5: 1-2		

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost  
recovery clause with generating  
performance incentive factor.

Docket No. 040001-EI

Submitted for filing: 10/8/04

**REQUEST FOR SPECIFIED CONFIDENTIAL TREATMENT**

Progress Energy Florida, Inc., (“PEF”) pursuant to section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, requests Specified Confidential treatment of certain information on its FPSC Form 423 Fuel Reports for the month of **July 2004** as set forth below. In support of its request, PEF states as follows:

1. PEF’s Forms 423-1A, 423-2, 423-2A, 423-2B and 423-2C contain sensitive pricing information concerning contracts for the purchase of fuel and transportation services. Disclosure of this information to suppliers of such services would impair the ability of PEF or Electric Fuels Corporation (EFC), its affiliated coal supplier acting on PEF behalf, to negotiate future fuel and transportation contracts on favorable terms. As such, the information constitutes proprietary confidential business information entitled to protection from disclosure pursuant to section 366.093(1) and (3)(d), Florida Statutes.

2. The following documents are attached to this Request and incorporated herein by reference:

- |              |  |
|--------------|--|
| Attachment A | A justification "matrix" supporting PEF's request for Specified Confidential treatment of the highlighted information in Attachment C, identified for each 423 Form on a line-by-line, column-by-column basis.   |
| Attachment B | A justification of PEF's request that Specified Confidential treatment for the information subject to this request remain in effect for a period of 24 months.   |
| Attachment C | PEF's October, 1998 Form 423's, with the confidential information subject to this request highlighted in transparent ink. <u>This document should be given confidential treatment and has been placed in a separate envelope marked "Confidential"</u> which is attached hereto. |

3. PEF requests that the information identified as confidential in Attachment C be designated Specified Confidential for the reasons set forth in Attachment A. PEF further requests that such designation be effective for a period of 24 months, which is necessary to protect PEF and its ratepayers against the adverse effects on future negotiations that would result from disclosure of the information to potential fuel and transportation suppliers, as described in Attachment B.

WHEREFORE, Progress Energy Florida, Inc. requests that the information on its FPSC 423 Forms identified as confidential in Attachment C be accorded Specified Confidential treatment for a period of 24 months.

Progress Energy Florida, Inc.  
Docket No. 040001-EI

**Request for Specified Confidential Treatment**

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423 Forms for July 2004

**CONFIDENTIAL COPY**

(Confidential information denoted with shading)

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