

ORIGINAL

Hopping Green & Sams

Attorneys and Counselors

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COMMISSION CLERK

June 1, 2007

BY HAND-DELIVERY

Blanca Bayó
Director, Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 070007-EI

Dear Ms. Bayó:

On behalf of Progress Energy Florida, Inc. (PEF), I enclose for filing in the above docket the original and fifteen (15) copies of the following:

- PEF's Request for Confidential Classification, including Exhibit A, which identifies by page and line the information for which PEF seeks confidential treatment.
- A CONFIDENTIAL package containing Exhibit B, which includes one copy of the Pre-filed Direct Testimony of Thomas Cornell, along with Composite Exhibit No. __ (TC-3, TC-4, TC-5) and Exhibit No. __ (TC-6, TC-7, TC-8); and Pre-filed Direct Testimony of Samuel Waters, along with portions of Exhibit No. __ (SSW-1, SSW-2, SSW-3). The confidential material has been highlighted in yellow; and
- A package containing Exhibit C, which includes two redacted copies of the confidential documents.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning it to me. If you have any questions regarding this filing, please give one of us a call at 222-7500.

Very truly yours,

Gary V. Perko
Virginia C. Dailey

Attorneys for PROGRESS ENERGY FLORIDA, INC.

cc: Certificate of Service

DOCUMENT NUMBER - DATE

04477 JUN-1 07

CMP _____
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida's Request for Confidential Classification, filed in Docket No. 070007-EI, have been furnished by hand-delivery (*) or regular U.S. mail to the following this 12 day of June, 2007.

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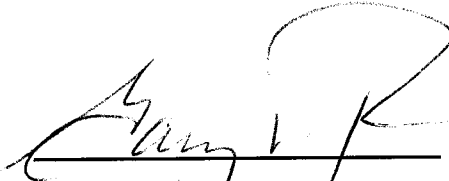
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Attorney

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause.

DOCKET NO. 070007-EI

FILED: JUNE 1, 2007

**PROGRESS ENERGY FLORIDA INC.'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Progress Energy Florida, Inc., (“PEF” or “Company”), pursuant to Section 366.093, Florida Statutes (F.S.), and Rule 25-22.006, Florida Administrative Code, submits this Request For Confidential Classification of information included in testimony and exhibits submitted with its Petition for Approval of its Integrated Clean Air Compliance Plan and Associated Crystal River Clean Air Contracts in this docket. In support of this Request, Progress Energy states:

1. Contemporaneously with this request, PEF is filing a Petition for Approval of its Integrated Clean Air Compliance Plan and Associated Crystal River Clean Air Contracts, along with the pre-filed testimony and exhibits of Mr. Thomas Cornell and Mr. Samuel Waters. As exhibits to Mr. Cornell’s testimony, PEF is providing copies of various confidential contracts and associated work authorizations for pollution control projects at its Crystal River Plant.

Exhibit No. __ (SSW-1) to Mr. Waters’ testimony also includes summaries of the confidential contracts. In addition, Mr. Cornell’s testimony, as well as Mr. Water’s testimony and Exhibit No. __ (SSW-1), include several references to in-service dates for the pollution control projects, emission projections, and/or projected allowance purchases.

2. As explained in Exhibit A to this Request, the contacts and contract summaries discussed above contain confidential 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.”

§ 366.093(3)(d), F.S. The information also relates to PEF’s competitive interests, the disclosure

DOCUMENT NUMBER-DATE

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of which would impair PEF's competitive business. § 366.093(3)(e), F.S. In addition, for the reasons discussed in Exhibit A, disclosure of the information regarding in-service dates, emission projections and projected allowances purchases would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms." § 366.093(3)(d), F.S. As such, all of the information identified in Exhibit A constitutes "proprietary confidential business information" as that term is defined in Section 366.093, Florida Statutes, and is therefore exempt from disclosure under the Public Records Act.

3. The following exhibits are included with this request:

(a) Exhibit A is a table which identifies by page and line the information for which Progress Energy seeks confidential classification and the specific statutory bases for seeking confidential treatment.

(b) Composite Exhibit B is a package containing two copies of redacted versions of the documents for which the Company requests confidential classification. The specific information for which confidential treatment is requested has been blocked out by opaque marker or other means. Because the contracts and associated work authorizations are confidential in their entirety, Composite Exhibit B includes a single page for each contract indicating that the contract and associated work authorizations have been redacted in full.

(c) Composite Exhibit C is a package containing unredacted copies of all the documents for which Progress Energy seeks confidential treatment. Composite Exhibit C is being submitted separately in a sealed envelope labeled "CONFIDENTIAL." In the unredacted versions, the information asserted to be confidential is highlighted in yellow. The documents that have been redacted in their entirety are copied on yellow paper.

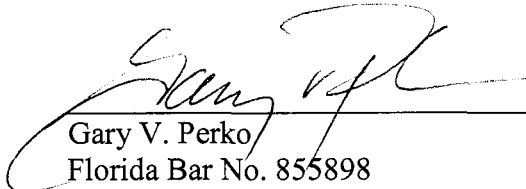
4. The information identified in Exhibit "A" and included in Composite Exhibit C is intended to be and is treated as confidential by the Company. The information has not been disclosed to the public.

5. PEF requests that the information identified in Exhibit A and included in Composite Exhibit C be classified as "proprietary confidential business information" within the meaning of section 366.093(3), F.S., that the information remain confidential for a period of at least 18 months as provided in section 366.093(4), F.S., and that the information be returned as soon as it is no longer necessary for the Commission to conduct its business.

WHEREFORE, for the foregoing reasons, Progress Energy Florida, Inc., respectfully requests that this Request for Confidential Classification be granted.

RESPECTFULLY SUBMITTED this 1st day of June, 2007.

HOPPING GREEN & SAMS, P.A.



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Attorneys for PROGRESS ENERGY FLORIDA

EXHIBIT A
To Progress Energy Florida's
Request for Confidential Classification
Docket No. 070007-EI

| Document | Page(s) | Line No(s). | Justification (see legend below) |
|---|---------|-------------------------------|--|
| Pre-filed Direct Testimony of Samuel S. Waters | 6 | 14 | A |
| Exhibit No. __ (SSW-1) - Integrated Clean Air Compliance Plan | 5 | 1, 2, 3 | A |
| | 11 | 1, 2 | A |
| | 11 | 3, 4, 5 | B |
| | 12 | 1 – 10 | B |
| | 12 | 11, 12 | A |
| | 18 | 1 – 5 | A |
| | 19 | 1 | C |
| | 20 | 1- 11 | A |
| | 21 | 1 (Table 1) | A |
| | 22 | 1 - 4 (including Figure 1) | B |
| | 23 | 1 – 7 (including Figure 2) | B |
| | 24 | 1 – 5 (including Figure 3) | B |
| | 35 | 1, 2 | C |
| | 36 | 1 – 14 | C |
| | 37 | 1 – 12 | C |
| | 38 | 1 - 25 | C |
| | 39 | 1 – 8 | C |
| | 40 | 1 – 27 | C |
| | 41 | 1 – 17 | C |
| | 42 | 1 - 20 | C |
| 44 | 1 – 18 | C | |
| 45 | 1 – 5 | C | |
| 46 | 1 – 2 | C | |
| 47 | 1 – 11 | C | |
| 48 | 1 – 15 | C | |
| Exhibit No. __ (SSW-2) - Summary of Alternative Compliance Plans – 2006 | All | All | A |
| Exhibit No. __ (SSW-3) - Summary of Alternative Compliance Plans – 2007 | All | All | A |

EXHIBIT A
To Progress Energy Florida's
Request for Confidential Classification
Docket No. 070007-EI

| | | | |
|---|-----|------------------------------------|---|
| Pre-filed Direct Testimony of Thomas Cornell | 5 | 5, 7, 9, 11, 12, 13, 21, 23, 24 | A |
| | 6 | 1, 2, 5, 6, 8, 9, 10, 11, 16 | A |
| | 11 | 7 | C |
| | 12 | 23 | C |
| | 14 | 11, 16, 17 | C |
| | 15 | 12 | C |
| | 18 | 11 | C |
| | 19 | 11 | C |
| | 21 | 2 | C |
| Composite Exhibit No. __ (TC-3) - Letter of Intent (LOI) to enter an Engineering, Procurement and Construction contract with Environmental Projects Crystal River ("EPCR"), along with four amendments to the LOI. | All | All | C |
| Composite Exhibit No. __ (TC-4) - Contract with The Babcock and Wilcox Company (and associated work authorizations) for design, engineering, equipment, and other work associated with the Crystal River SCR & FGD projects | All | All | C |
| Composite Exhibit No. __ (TC-5) - Contract with Worley Parsons (and associated work authorizations) for preliminary design, engineering and other work associated with the Crystal River SCR and FGD projects. | All | All | C |
| Exhibit No. __ (TC-6) - Contract No. 298909 Between Progress Energy Florida, Inc. and The Stebbins Engineering and Manufacturing Company for Crystal River Scrubber Towers Units 4 &5 | All | All | C |
| Exhibit No. __ (TC-7) -Purchase Order Agreement for SCR Catalyst for the Crystal River Power Station Units 4 and 5 – Progress Energy Florida, Inc. | All | All | C |
| Exhibit No. __ (TC-8) -Contract No. 300611 Between Progress Energy Florida, Inc. and Commonwealth Dynamics, Inc. for Crystal River Plant Chimney | All | All | C |

EXHIBIT A
To Progress Energy Florida's
Request for Confidential Classification
Docket No. 070007-EI

LEGEND

- A **PROJECT IN-SERVICE DATES** – The redacted information identifies in-service dates of certain pollution control projects or provides other information from which such in-service dates can be determined. Together with the allowance purchase information discussed below, this information could be used to determine when PEF intends to purchase emission allowances and how many purchases PEF projects to make. The compliance requirements under CAIR require a new annual compliance period. This will be a new market that will begin trading. To date, the new annual NOx market has not become active and is considered very illiquid. As a result, allowance prices for annual NOx purchases could be very volatile especially during the first years of compliance under CAIR. Additionally, in later years, there could be volatility in the SO₂ markets as a result of the more stringent SO₂ compliance requirements associated with CAIR. For these reasons, disclosure of the redacted information concerning allowance market positions could put PEF at a competitive disadvantage in purchasing emission allowances on the market which could further contribute to price volatility to the detriment of PEF and its customers. As such, the redacted information constitutes confidential 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.” § 366.093(3)(d), F.S.
- B **ALLOWANCE INFORMATION** – The redacted information relates to emission projections, the timing of planned allowance purchases and/or the number of allowances projected to be purchased. Either alone or together with the project in-service date information discussed below, this information could be used to determine when PEF intends to purchase emission allowances and how many purchases PEF projects to make. As discussed above, CAIR imposes a new annual compliance period. This will be a new market that will begin trading and to date this new market has not become active and is considered very illiquid. As a result, allowance prices for annual NOx purchases could be very volatile especially during the first years of compliance under CAIR. Additionally, in later years, there could be volatility in the SO₂ markets as a result of the more stringent SO₂ compliance requirements associated with CAIR. For these reasons, disclosure of the redacted information concerning allowance market positions could put PEF at a competitive disadvantage in purchasing emission allowances on the market which could further contribute to price volatility to the detriment of PEF and its customers. As such, the redacted information constitutes confidential 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.” § 366.093(3)(d), F.S.
- C **CONTRACTUAL INFORMATION** – The redacted information includes contractual data, such as costs, performance specifications and other contractual terms related to design, engineering, equipment procurement and/or construction contract for air pollution control projects at Progress Energy's Crystal River Plant Units 4 and 5. PEF negotiates with design, engineering and construction companies to obtain competitive contracts for the design and construction of major projects at its facilities, including the air pollution control projects. In order to obtain such contracts, PEF must be able to assure such companies that sensitive

EXHIBIT A
To Progress Energy Florida's
Request for Confidential Classification
Docket No. 070007-EI

business information, such as the terms of their contracts, will be kept confidential. Absent such measures, the companies would run the risk that sensitive business information that they provided in their contracts with PEF would be made available to the public and, as a result, end up in possession of potential competitors. Faced with that risk, persons or companies who otherwise would contract with PEF might decide not to do so if PEF did not keep those terms of their contracts confidential. Without PEF's measures to maintain the confidentiality of sensitive terms in contracts between PEF and design, engineering and construction companies, the Company's efforts to obtain competitive design and construction contracts could be undermined. The contracts and purchase agreement identified above contain provisions which specifically require the parties to keep the terms of the contracts, any amendments and work authorizations confidential. Accordingly the redacted information constitutes confidential 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." § 366.093(3)(d), F.S.

Additionally, the disclosure of confidential information in PEF's design, engineering and construction contracts could adversely impact PEF's competitive business interests. If such information was disclosed to PEF's competitors, PEF's efforts to obtain competitive design and construction options that provide economic value to both PEF and its ratepayers could be compromised by PEF's competitors changing their negotiating behavior within the relevant markets. Accordingly, the redacted information relates to PEF's competitive interests, the disclosure of which would impair PEF's competitive business. § 366.093(3)(e), F.S.

For all of these reasons, this information constitutes "proprietary confidential business information" which is exempt from the public records act pursuant to § 366.093(1), F.S.

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: 6-1-07
 TO: Cory Perko
 FROM: T. Henry, Division of the Commission Clerk &
 Administrative Services
 RE: **Acknowledgment of Receipt of Confidential Filing**

This will acknowledge receipt of a **CONFIDENTIAL DOCUMENT** filed in Docket No. 070007 - E1 or (if filed in an undocketed matter) concerning Exhibits & Testimony, and filed on behalf of PEF / Perko. The document will be maintained in locked storage.

Any questions regarding this matter should be directed to Marguerite Lockard at (850) 413-6770.

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PSC/CCA019-C(Rev 12/06)

CONFIDENTIAL

Cornell
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Waters
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