



Matthew R. Bernier
SENIOR COUNSEL
Duke Energy Florida, LLC

June 16, 2016

VIA ELECTRONIC DELIVERY

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 160009-EI
Duke Energy Florida, LLC's Third Request for Confidential Classification

Dear Ms. Stauffer:

Attached is Duke Energy Florida, LLC's ("DEF") Third Request for Confidential Classification of certain information provided in Staff Auditors Project Management Audit Report No. PA-16-01-001 filed contemporaneously in the above-referenced matter. This filing includes:

- Exhibit A (confidential slipsheet only)
- Exhibit B (2 copies of redacted information)
- Exhibit C (justification matrix)
- Exhibit D (Affidavits of Christopher M. Fallon and Mark R. Teague)

DEF's confidential Exhibit A that accompanies the above-referenced filing, has been submitted under separate cover.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (850) 521-1428.

Sincerely,

/s/ Matthew R. Bernier

Matthew R. Bernier

MRB:at
Attachments

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

Docket No. 160009-EI
Submitted for Filing: June 16, 2016

**DUKE ENERGY FLORIDA, LLC'S THIRD REQUEST FOR CONFIDENTIAL
CLASSIFICATION REGARDING PORTIONS OF THE REVIEW OF DUKE
ENERGY FLORIDA, LLC'S PROJECT MANAGEMENT INTERNAL
CONTROLS FOR NUCLEAR PLANT UPRATE AND CONSTRUCTION
PROJECTS AUDIT REPORT NO. PA-16-01-001**

Duke Energy Florida, LLC ("DEF" or the "Company"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006(3), Florida Administrative Code, requests confidential classification of portions of the final audit report of the Florida Public Service Commission Staff ("Staff") Auditors – the Review of Duke Energy Florida, LLC's Project Management Internal Controls for Nuclear Plant Uprate and Construction Project Audit Report No. PA-16-01-001 (the "Audit Report"). The Audit Report contains confidential contractual information, the disclosure of which would impair DEF's competitive business interests and violate DEF's confidentiality agreements with third parties, and other financial and competitively sensitive information the disclosure of which would impair the Company's competitive business interests. Accordingly these portions of the Audit Report meet the definition of proprietary confidential business information per section 366.093(3), Florida Statutes. An unredacted copy of the Audit Report is being filed under seal with the Commission on a confidential basis to keep the competitive business information in those documents confidential.

Basis for Confidential Classification

Section 366.093(1), Florida Statutes, provides that "any records received by the

Commission which are shown and found by the Commission to be proprietary confidential business information shall be kept confidential and shall be exempt from [the Public Records Act]." Proprietary confidential business information means information that is (i) intended to be and is treated as private confidential information by the Company, (ii) because disclosure of the information would cause harm, (iii) either to the Company's ratepayers or the Company's business operation, and (iv) the information has not been voluntarily disclosed to the public. § 366.093(3), Fla. Stat. Specifically, "information concerning bids or other 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" is defined as proprietary confidential business information. § 366.093(3)(d), Fla. Stat. Additionally, that statute defines "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information," as proprietary confidential business information. § 366.093(3)(e), Fla. Stat.

Portions of the Audit Report should be afforded confidential classification for the reasons set forth in the Affidavits of Mr. Christopher Fallon and Mr. Mark Teague filed in support of DEF's Request, and for the following reasons.

Levy Nuclear Project

Specifically, the sections of the Audit Report covering the Levy Nuclear Project ("LNP") contain confidential contractual data, including original cost amounts under DEF's Engineering, Procurement and Construction ("EPC") Agreement, long lead equipment disposition and settlement terms, and confidential and competitively sensitive contractual information. See Fallon Affidavit, ¶¶ 3, 5-6. Portions of the Audit Report reflect the Company's internal strategies and decision points for evaluating long lead equipment disposition options. Id. at 6. The public disclosure of such information would impair DEF's competitive business

interests, and would further be a violation of the confidentiality provisions in the EPC Agreement. Id. at 5-7.

If such information was disclosed to DEF's competitors or to other potential suppliers and vendors, DEF's efforts to disposition items currently or to obtain competitive nuclear equipment and service options that provide economic value to both the Company and its customers in the future could be compromised by these third parties changing their offers or negotiating strategies. Id. at 7-8. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts between DEF and these nuclear contractors, the Company's efforts to obtain competitive contracts for the LNP would be undermined. Id.

EPU Project

With respect to the EPU project sections of the Audit Report, specifically, it contains confidential original price and sales cost numbers regarding EPU assets, the disclosure of which would impair DEF's competitive business interests and violate DEF's confidentiality agreements with third parties and vendors. See Teague Affidavit, ¶¶ 3, 5. If such information was disclosed to DEF's competitors or to other potential suppliers and vendors, DEF's efforts to disposition items currently or to obtain competitive nuclear equipment and service options that provide economic value to both the Company and its customers in the future could be compromised by these third parties changing their offers or negotiating strategies. Id. at 6. Without the Company's measures to maintain the confidentiality of sensitive terms in contracts or negotiated sales with third parties, the Company's efforts to obtain competitive contracts in the future could be undermined to the detriment of DEF and its ratepayers. Id. at 7.

Conclusion

DEF has kept confidential and has not publicly disclosed the information at issue here.

See Teague Affidavit, ¶ 8; Fallon Affidavit, ¶ 9. Upon receipt of this confidential information, strict procedures are established and followed to maintain the confidentiality of the information provided, including restricting access to those persons who need the information to assist the Company. Id. At no time since receiving the information in question has the Company publicly disclosed that information. Id. The Company has treated and continues to treat the information at issue as confidential. Id.

The competitive, confidential information at issue in this Request fits the statutory definition of proprietary confidential business information under Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, and that information should be afforded confidential classification. In support of this Request, DEF has enclosed the following:

(1) A separate, sealed envelope containing one copy of the confidential Exhibit A to DEF's Request for Confidential Classification for which DEF has requested confidential classification with the appropriate section, pages, or lines containing the confidential information highlighted. This information should be accorded confidential treatment pending a decision on DEF's Request by the Florida Public Service Commission;

(2) Two copies of the documents with the information for which DEF has requested confidential classification redacted by section, pages or lines, where appropriate, as Exhibit B;

(3) A justification matrix of the confidential highlighted information contained in Exhibit A supporting DEF's Request, as Exhibit C; and

(4) An affidavit attesting to the confidential nature of information identified in this request as Exhibit D.

WHEREFORE, DEF respectfully requests that the redacted portions of the Audit

Report No. PA-16-01-001 be classified as confidential for the reasons set forth above.

Respectfully submitted this 16th day of June, 2016.

/s/ Matthew R. Bernier

MATTHEW R. BERNIER
Senior Counsel
Duke Energy Florida, LLC
106 East College Avenue
Suite 800
Tallahassee, FL 32301
Telephone: (850) 521-1428

DIANNE M. TRIPLETT
Associate General Counsel
Duke Energy Florida, LLC
299 First Avenue North
St. Petersburg, FL 33701
Telephone: (727) 820-4692

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 16th day of June, 2016.

/s/ Matthew R. Bernier

Attorney

<p>Margo Leathers Kyesha Mapp Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 mleather@psc.state.fl.us kmapp@psc.state.fl.us</p> <p>Kenneth Hoffman Vice President, Regulatory Affairs Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1859 ken.hoffman@fpl.com</p> <p>Jessica Cano Kevin I.C. Donaldson Florida Power & Light Company 700 Universe Boulevard June Beach, FL 33408-0420 jessica.cano@fpl.com kevin.donaldson@fpl.com</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p> <p>James W. Brew Laura A. Wynn Stone Mattheis Xenopoulos & Brew, P.C. 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, D.C. 20007 jbrew@smxblaw.com law@smxblaw.com</p>	<p>J.R.Kelly Charles J. Rehwinkel Erik L. Saylor Patty Christensen Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us saylor.erik@leg.state.fl.us christensen.patty@leg.state.fl.us</p> <p>Victoria Mendez Christopher A. Green Xavier Alban Kerri L. McNulty City of Miami 444 SW 2nd Avenue, Suite 945 Miami, FL 33130-1910 vmendez@miamigov.com cagreen@miamigov.com xealban@miamigov.com klmcnulty@miamigov.com omorera@miamigov.com</p> <p>Robert Scheffel Wright John T. LaVia III Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p> <p>George Cavros 120 E. Oakland Park Blvd, Suite 105 Fort Lauderdale, FL 33334 george@cavros-law.com</p>
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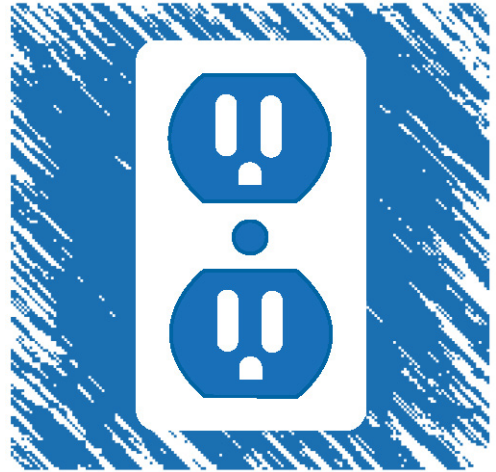
Exhibit A

CONFIDENTIAL
FILED UNDER SEPARATE COVER

Exhibit B

REDACTED

REDACTED



**Review of
Duke Energy Florida, LLC
Project Management
Internal Controls for
Nuclear Plant Uprate and
Construction Projects**

June 2016

BY AUTHORITY OF
The Florida Public Service Commission
Office of Auditing and Performance Analysis

**Review of
Duke Energy Florida, LLC
Project Management
Internal Controls
for
Nuclear Plant Uprate and
Construction Projects**

Jerry Hallenstein
Senior Analyst
Project Manager

R. Lynn Fisher
Government Analyst II

June 2016

**By Authority of
The State of Florida
Public Service Commission
Office of Auditing and Performance Analysis**

In January 2014, as part of the wind-down activities for the LNP project, DEF developed the Levy Nuclear Plant Long-lead Equipment Disposition Plan for LLE procured through the EPC contract. After review and evaluation, DEF management decided to dispose of all LLE items under the EPC contract, considering possible reuse at another Duke Energy plant, sale to another AP1000 group owner or Westinghouse sub-contractor, or sale for salvage/scrap value.

In December 2015, DEF management decided to transfer the variable frequency drive LLE to Units 4 and 5 at the Crystal River 3 Energy Complex. The company provided written justification of its decision to transfer the variable frequency flow equipment, noting that the value of the internal transfer, reuse, and refurbishment of the equipment for Crystal River Units 4&5 was significantly greater than other offers received.

Exhibit 2 provides a summary of the DEF decisions made for dispositioning LNP LLE through 2015.

Duke Energy Florida LNP Long Lead Equipment Disposition					
Contractor/ Equipment	Disposition Date	Original Cost	Paid	Settled Cost	Disposition Decision
Mangiarotti- various equipment components in grouping	11/7/13	[REDACTED]	[REDACTED]	[REDACTED]	Settlement minimized ongoing costs
Tioga-Cooling Loop Piping	1/09/14	[REDACTED]	[REDACTED]	[REDACTED]	Settlement minimized ongoing costs
Doosan-Steam Generators	11/18/14	[REDACTED]	[REDACTED]	[REDACTED]	Review of PO
Doosan-Reactor Vessel	11/18/14	[REDACTED]	[REDACTED]	[REDACTED]	Review of PO
Toshiba- Turbine/Generator	N/A	[REDACTED]	[REDACTED]	[REDACTED]	Litigation Claim
Westinghouse Reactor Vessel Internals	N/A	[REDACTED]	[REDACTED]	[REDACTED]	Litigation Claim
Siemens-Variable Frequency Drives	12/28/15	[REDACTED]	[REDACTED]	[REDACTED]	Internal Transfer Sale
SPX-Squib Valves	12/10/14	[REDACTED]	[REDACTED]	[REDACTED]	Purchased by outside source.
EMD-reactor coolant pumps	11/18/14	[REDACTED]	[REDACTED]	[REDACTED]	Review of PO
Total		[REDACTED]	[REDACTED]	[REDACTED]	

Exhibit 2

Source: DEF Responses to Data Request DR-1 LNP-9b

The company completed this endeavor using a layered approach of internal notifications, inter-utility publications, targeted listed bid events and a public auction. After considering all internal transfers, the company's disposition approach evolved, starting with a listed bid approach and shifting to a public auction. The company states that both approaches yielded the same result—the ability to disposition EPU-related assets at the current market value.

3.2 EPU Project Closeout

The IRP, including EPU close out, was governed by procedure AI-9010, Conduct of CR3 Investment Recovery. The procedure provides the overall guidance for the execution of transactions for the disposal of assets from CR3, including asset pricing requirements and minimum reviews.

The last remaining stage of the EPU project close-out was the final disposition of EPU-related assets and materials, including the sale of one-of-a-kind specialized Siemens components with limited marketability. For 2015, DEF received approximately \$2.6 million in proceeds. The specifics are listed below and the proceeds were offset against EPU wind-down costs of \$0.9 million incurred in 2015.

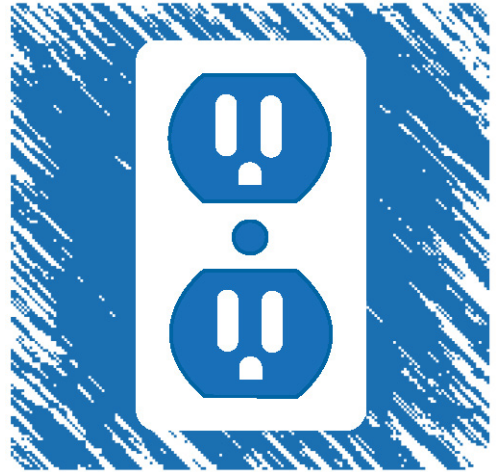
- ◆ On May 22, 2015, a contractual agreement was entered into between DEF and Siemens, the Original Equipment Manufacturer (OEM) to buyback CR3 high pressure turbine assets and equipment. DEF received a lump sum payment for [REDACTED] (EPU portion). The original cost for these components was [REDACTED].
- ◆ On July 28, 2015 a contractual agreement was entered into between DEF and D. H. Griffin for the sale of miscellaneous low turbine parts. Proceeds from the sale of equipment to D. H. Griffin were [REDACTED]. The original purchase price is undetermined.
- ◆ On November 10, 2015 an internal transfer (sale) of the Siemens turbine blade vibration monitoring system was completed with Duke Energy Carolina. Proceeds from the sale amounted to [REDACTED].
- ◆ On January 15, 2015, DEF accounted for \$90,519 in proceeds from the 2014 auction.
- ◆ A reclass credit of \$2,533 of CR3 assets to the EPU account was recorded on April 15, 2015, in addition to net proceeds of \$77,444 resulting from an internal transfer (sale) of pipe vibration measurement equipment and a bid event sale of motors.

Exhibit B

REDACTED

(2nd copy)

REDACTED



**Review of
Duke Energy Florida, LLC
Project Management
Internal Controls for
Nuclear Plant Uprate and
Construction Projects**

June 2016

BY AUTHORITY OF
The Florida Public Service Commission
Office of Auditing and Performance Analysis

**Review of
Duke Energy Florida, LLC
Project Management
Internal Controls
for
Nuclear Plant Uprate and
Construction Projects**

Jerry Hallenstein
Senior Analyst
Project Manager

R. Lynn Fisher
Government Analyst II

June 2016

**By Authority of
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In January 2014, as part of the wind-down activities for the LNP project, DEF developed the Levy Nuclear Plant Long-lead Equipment Disposition Plan for LLE procured through the EPC contract. After review and evaluation, DEF management decided to dispose of all LLE items under the EPC contract, considering possible reuse at another Duke Energy plant, sale to another AP1000 group owner or Westinghouse sub-contractor, or sale for salvage/scrap value.

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Westinghouse Reactor Vessel Internals	N/A	[REDACTED]	[REDACTED]	[REDACTED]	Litigation Claim
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EMD-reactor coolant pumps	11/18/14	[REDACTED]	[REDACTED]	[REDACTED]	Review of PO
Total		[REDACTED]	[REDACTED]	[REDACTED]	

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3.2 EPU Project Closeout

The IRP, including EPU close out, was governed by procedure AI-9010, Conduct of CR3 Investment Recovery. The procedure provides the overall guidance for the execution of transactions for the disposal of assets from CR3, including asset pricing requirements and minimum reviews.

The last remaining stage of the EPU project close-out was the final disposition of EPU-related assets and materials, including the sale of one-of-a-kind specialized Siemens components with limited marketability. For 2015, DEF received approximately \$2.6 million in proceeds. The specifics are listed below and the proceeds were offset against EPU wind-down costs of \$0.9 million incurred in 2015.

- ◆ On May 22, 2015, a contractual agreement was entered into between DEF and Siemens, the Original Equipment Manufacturer (OEM) to buyback CR3 high pressure turbine assets and equipment. DEF received a lump sum payment for [REDACTED] (EPU portion). The original cost for these components was [REDACTED].
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- ◆ A reclass credit of \$2,533 of CR3 assets to the EPU account was recorded on April 15, 2015, in addition to net proceeds of \$77,444 resulting from an internal transfer (sale) of pipe vibration measurement equipment and a bid event sale of motors.

**DUKE ENERGY FLORIDA – EXHIBIT C - Docket 160009-EI
Confidentiality Justification**

DOCUMENT	PAGE/LINE/ COLUMN	JUSTIFICATION
<p>Review of Duke Energy Florida’s Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects, PA-16-01-001, June 2016</p>	<p>Table on page 6, all information contained in columns 3 through 5.</p>	<p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF’s efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
<p>Review of Duke Energy Florida’s Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects, PA-16-01-001, June 2016</p>	<p>Page 10, first bulleted paragraph: next to last word of third line; last word of fourth line.</p> <p>Page 10, second bulleted paragraph: sixth word of third line.</p> <p>Page 10, third bulleted paragraph: last word.</p>	<p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF’s efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>

Exhibit D

AFFIDAVITS OF:

CHRISTOPHER M. FALLON

MARK R. TEAGUE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

Docket No. 160009-EI
Submitted for Filing: June ____, 2016

**AFFIDAVIT OF CHRISTOPHER M. FALLON IN SUPPORT
OF DUKE ENERGY FLORIDA, LLC'S THIRD
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

BEFORE ME, the undersigned authority duly authorized to administer oaths, personally appeared Christopher M. Fallon, who being first duly sworn, on oath deposes and says that:

1. My name is Christopher M. Fallon. I am employed by Duke Energy Business Services, LLC in the capacity of Vice President of Nuclear Development. I am over the age of 18 years old and I have been authorized to give this affidavit in the above-styled proceeding on Duke Energy Florida's ("DEF" or the "Company") behalf and in support of DEF's Third Request for Confidential Classification regarding portions of the final audit report of the Florida Public Service Commission Staff ("Staff") Auditors – the Review of Duke Energy Florida, LLC's Project Management Internal Controls for Nuclear Plant Uprate and Construction project Audit Report No. PA-16-01-001 (the "Request"). The facts attested to in my affidavit are based upon my personal knowledge.
2. As Vice President of Nuclear Development, I am responsible for the Levy Nuclear Project ("LNP" or "Levy").
3. DEF is seeking confidential classification of portions of the information contained in the Levy related sections of the Audit Report because it contains proprietary and confidential business information.

4. Unredacted versions of the Audit Report at issue are contained in confidential Exhibit A to DEF's Third Request for Confidential Classification and the confidential portions thereof are outlined in DEF's Justification Matrix that is attached to DEF's Request as Exhibit C.

5. Specifically, the sections of the Audit Report covering the LNP contain confidential contractual data, including original cost amounts under DEF's Engineering, Procurement, and Construction contract ("EPC Agreement") with Westinghouse Electric Company and Stone & Webster, Inc. (the "Consortium"), long lead equipment disposition and settlement terms, and other confidential and competitively sensitive contractual information.

6. The Audit Report also contains information which reflects the Company's internal strategies and decision points for evaluating long lead equipment disposition options. The public disclosure of such information would impair DEF's competitive business interests, and would further be a violation of the confidentiality provisions in the EPC Agreement.

7. If such information was disclosed to DEF's competitors or to other potential suppliers and vendors, DEF's efforts to disposition items currently or to obtain competitive nuclear equipment and service options that provide economic value to both the Company and its customers in the future would be compromised by these third parties changing their offers or negotiating strategies.

8. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts between DEF and these nuclear contractors, the Company's efforts to obtain competitive contracts for the LNP would be undermined. Absent such measures, DEF would run the risk that sensitive business information regarding what the Company is willing to pay for (or sell) necessary equipment, goods, supplies and real property would be made available to the public and, as a result, other potential sellers or buyers of similar materials and services could change their position in their negotiations to the detriment of DEF.

9. Upon receipt of this confidential information, as with all confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the documents and information provided therein. Such procedures include, but are not limited to, restricting access to the documents and information to only those persons who require it to assist the Company. At no time has the Company publicly disclosed the information at issue. The Company has treated and continues to treat the information as confidential.

10. This concludes my affidavit.

Further affiant sayeth not.

Dated this 8th day of June, 2016.

Christopher M. Fallon

(Signature)

Christopher M. Fallon
Vice President of Nuclear Development
Duke Energy Business Services
526 South Church Street, EC1
Charlotte, NC 28202

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 8th day of June, 2016 by Christopher M. Fallon. He is personally known to me, or has produced his North Carolina driver's license, or his _____ as identification.

MEGAN V GRAHAM
Notary Public - North Carolina
MECKLENBURG COUNTY
(AFFIX NOTARIAL SEAL)
My Commission Expires July 25, 2016

Megan V. Graham

(Signature)

Megan V. Graham

(Printed Name)

NOTARY PUBLIC, STATE OF North Carolina

July 25, 2016

(Commission Expiration Date)

MEGAN V GRAHAM
Notary Public - North Carolina
MECKLENBURG COUNTY
My Commission Expires July 25, 2016

(Serial Number, If Any)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery
Clause

Docket No. 160009-EI
Submitted for Filing: June ____, 2016

**AFFIDAVIT OF MARK R. TEAGUE IN SUPPORT OF DUKE ENERGY FLORIDA'S
THIRD REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

BEFORE ME, the undersigned authority duly authorized to administer oaths, personally appeared Mark R. Teague, who being first duly sworn, on oath deposes and says that:

1. My name is Mark R. Teague. I am employed by Duke Energy Business Services, LLC and serve as its Managing Director of Major Projects Sourcing in the Supply Chain Department. I am over the age of 18 years old and I have been authorized by Duke Energy Florida, LLC ("DEF" or the "Company") to give this affidavit in the above-styled proceeding on DEF's behalf and in support of DEF's Third Request for Confidential Classification regarding portions of the final audit report of the Florida Public Service Commission Staff ("Staff") Auditors – the Review of Duke Energy Florida, LLC's Project Management Internal Controls for Nuclear Plant Uprate and Construction project Audit Report No. PA-16-01-001 (the "Request"). The facts attested to in my affidavit are based upon my personal knowledge.

2. As Managing Director of Major Projects Sourcing, my role includes providing management oversight in the disposition of the Crystal River Unit 3 ("CR3") Extended Power Uprate ("EPU") assets by ensuring that Supply chain employees at CR3 follow the Company's processes and procedures.

3. DEF is seeking confidential classification of the EPU portions of the Staff Audit Report because it contains confidential contractual information and numbers concerning the EPU project asset disposition, the disclosure of which would impair DEF's competitive business interests and violate DEF's confidentiality agreements with third parties and vendors and potential buyers of EPU assets and other information the disclosure of which would impair the Company's competitive business interests.

4. Unredacted versions of the Audit Report at issue are contained in confidential Exhibit A to DEF's Third Request for Confidential Classification and the confidential portions thereof are outlined in DEF's Justification Matrix that is attached to DEF's Request as Exhibit C.

5. Specifically, the Audit Report contains confidential original price and sales cost numbers regarding EPU assets, the disclosure of which would impair DEF's competitive business interests and violate DEF's confidentiality agreements with third parties and vendors.

6. If such information was disclosed to DEF's competitors or to other potential suppliers and vendors, DEF's efforts to disposition items currently or to obtain competitive nuclear equipment and service options that provide economic value to both the Company and its customers in the future would be compromised by these third parties changing their offers or negotiating strategies.

7. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts or negotiated sales with third parties, the Company's efforts to obtain competitive contracts in the future and current asset disposition negotiations could be undermined to the detriment of DEF and its ratepayers.

8. Upon receipt of this confidential information, as with all confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the

documents and information provided therein. Such procedures include, but are not limited to, restricting access to the documents and information to only those persons who require it to assist the Company. At no time since developing or entering the contracts in question has DEF publicly disclosed the contracts' confidential terms; DEF has treated and continues to treat the information contained in the subject documents as confidential.

9. This concludes my affidavit.

Further affiant sayeth not.

Dated this 9th day of June, 2016.

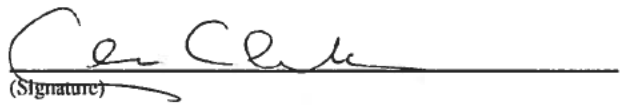


(Signature)
Mark R. Teague
Managing Director of Major Projects Sourcing
400 South Tryon Street
Charlotte, NC 28202

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 9 day of June, 2016 by Mark R. Teague. He is personally known to me, or has produced his _____ driver's license, or his _____ as identification.



(AFFIX NOTARIAL SEAL)



(Signature)
Claire Clark
(Printed Name)

NOTARY PUBLIC, STATE OF NC

10.22.2016
(Commission Expiration Date)

(Serial Number, If Any)