

One Energy Place
Pensacola, Florida 32520

Tel 850.444.6111



January 28, 2002

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. 010949-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Request for Confidential Classification regarding certain portions of the Direct Testimony of Helmuth W. Schultz, III, filed December 27, 2001, and the Direct Testimony of Edward D. Bass, II, filed January 14, 2002, to be filed in the above docket.

Sincerely,

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

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Request for Rate Increase by Gulf
Power Company

Docket No.: 010949-EI

Date: January 29, 2002

_____)
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 ("Commission", or "FPSC") enter an order protecting from public disclosure certain specified portions of the Direct Testimony of Helmuth W. Schultz, III, filed December 27, 2001 and the Direct Testimony of Edward D. Bass, II, filed January 14, 2002. As grounds for this request, the Gulf Power Company states:

1. Certain specified portions of the Direct Testimony of Helmuth W. Schultz III and the Direct Testimony of Edward D. Bass II, is based on confidential proprietary business information and documents provided by Gulf to the Office of Public Counsel or the Commission Staff through discovery in the above-referenced docket.

2. Gulf Power asserts that the information at page18, lines 20-22 and page19, lines 1, 15-18 of the Direct Testimony of Helmuth W. Schultz III and Exhibit HWS-1, Schedule C-3 is entitled to confidential classification pursuant to §366.093(3)(a) and (e), Florida Statutes, as information, the public disclosure of which would cause irreparable harm to the competitive interests of Gulf. Specifically, the information relates to compensation levels and compensation plans at Gulf Power Company. Gulf considers the compensation levels and plans to be competitively sensitive because Gulf must compete with other utilities and non-utilities for

employees. The details of compensation are not publically disclosed by other market participants and to require Gulf to do so would compromise its ability to attract and keep employees.

Moreover, the specifics of compensation for individual employees, some of which are revealed in the information subject to this request, are considered private and confidential by the employees.

Finally, each business approaches compensation issues differently in order to optimize various management goals. Compensation plans are regarded by business entities as trade secrets as they contain these management goals and methods for retention and attraction of employees. For these reasons, the specified lines of testimony and the exhibit is entitled to confidential classification pursuant to §366.093(3)(a) and (e), Florida Statutes.

3. Gulf Power asserts that the specified information contained at Exhibit EDB-1, page 10 of 17, to the Direct Testimony of Edward D. Bass II is entitled to confidential classification pursuant to §366.093(3)(d) and (e), Florida Statutes, as information, the public disclosure of which would cause irreparable harm to the competitive interests of Gulf and would reveal specific contract provisions regarding one or more contracts to which Gulf is a party. The information consists of a description of a contract provision in a contract between Gulf and one or more of its customers. The public disclosure of this information would reveal trade secrets of the entity with whom Gulf has entered into a contract. If this information is made public, Gulf's ability to enter into similar contracts with its customers would be significantly impaired. This would significantly impact Gulf's competitive position. Contractual provisions and details are afforded confidential classification pursuant to §366.093(3)(d), Florida Statutes.

4. The Direct Testimony of Michael J. Majoras at page 6, lines 7-15 purports to contain confidential information. Upon further review, Gulf does not request that the information presented at that location be kept confidential. This information can be made

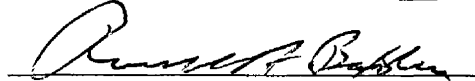
available to the public in unredacted form.

5. Submitted as Exhibit "A" is a copy of the specified portions of the Direct Testimony of Helmuth W. Schultz III and the Direct Testimony of Edward D. Bass II, 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 specified portions of the Direct Testimony of Helmuth W. Schultz III and the Direct Testimony of Edward D. Bass II, , which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a justification for the request for confidential classification.

6. The material for which confidential classification is requested is intended to be, and is treated as, confidential by Gulf Power Company and the customer to which the information pertains and has not been otherwise publicly disclosed.

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 28th day of January, 2002.



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

Beggs & Lane

P. O. Box 12950

(700 Blount Building)

Pensacola, FL 32576-2950

(850) 432-2451

Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Request for Rate Increase by Gulf
Power Company

Docket No.: 010949-EI

Date: January 29, 2002

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"

1 Q. WHAT ARE YOU PROPOSING FOR THE REMAINING 19 POSITIONS?

2 A. Since the projected test year includes an increase of 48 employees, and the Company
3 specifically identified 29 employees for Smith Unit 3, 19 positions remain as
4 unsupported. The 19 unidentified positions should be removed from the filing. The
5 Company has not provided testimony and/or justification for increasing the employee
6 complement beyond that needed for Smith Unit 3. In fact, through 1998 it appears
7 downsizing was the trend. In 1999, eight positions were added, and five more
8 positions were added in 2000. The Company is now apparently claiming that in the
9 next 17 months, 19 unexplained positions are needed.

10

11 Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING?

12 A. As shown on Exhibit ___ (HWS-1), Schedule C-2, payroll expense should be reduced
13 \$701,420, fringe benefits should be reduced \$131,177, and payroll tax expense should
14 be reduced \$58,475 in order to remove the 19 positions from the projected test year.

15

16 INCENTIVE COMPENSATION

17 Q. DO YOU HAVE ADDITIONAL PAYROLL-RELATED CONCERNS?

18 A. Yes. The Company's MFR Schedule C-33 provides a summary of gross payroll and
19 fringe benefits. In reviewing this schedule, it was presumed to be inclusive of all
20 compensation and benefits. ***Begin Confidential***

21

22

1 [REDACTED] ***End Confidential*** An accrual of this magnitude
2 is significant in relation to the gross payroll in 2000 of \$72.6 million and fringe
3 benefits of \$14.6 million. In an attempt to resolve my concern, additional detail has
4 been requested for the years 2000-2003 regarding the amount of incentive
5 compensation, the new incentive plan established in 2000, and how the costs are
6 reported. No support for payment of any incentive compensation has been included in
7 the Company's filing.

8

9 Q. ARE YOU RECOMMENDING AN ADJUSTMENT FOR INCENTIVE
10 COMPENSATION?

11 A. Yes. The adjustment is tentative, pending receipt of the additional requested
12 information. Without any indication as to what amount of incentive related costs
13 have been expensed in the projected test year, and whether the cost is included in
14 gross payroll and/or fringe benefits, I cannot make a final assessment of the plan or
15 determination as to what amount may be reasonable. ***Begin Confidential*** [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED] ***End

19 Confidential***

20

21 PRODUCTION OPERATION AND MAINTENANCE EXPENSE

22 Q. HAVE YOU REVIEWED THE COMPANY'S REQUEST FOR PRODUCTION

GULF POWER COMPANY
Projected Test Year Ended May 31, 2003

Docket No. 010949-EI
Exhibit__(HWS-1)
Schedule C-3

[REDACTED]

CONFIDENTIAL

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Source (A) Company response to Citizens' POD No. 16.

Disclosure No. 4

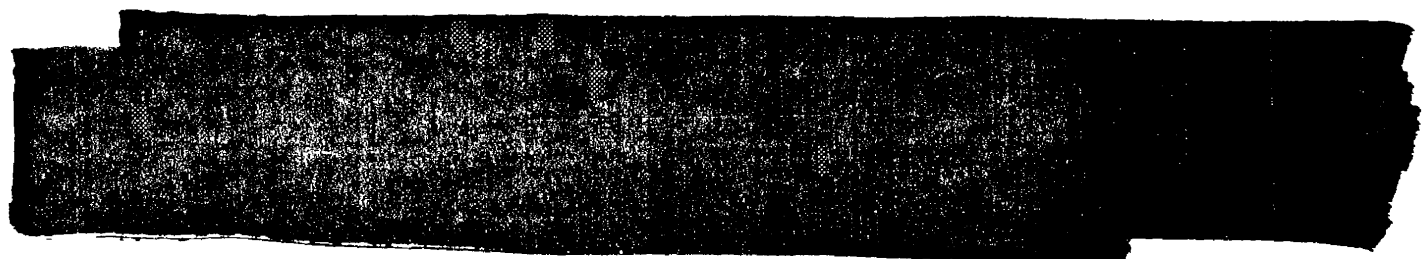
Subject: Other Operating Revenues

Statement of Fact: The utility's Minimum Filing Requirements (MFRs), Schedule C-10 reflects the following other operating revenue amounts for the historical year and projected test year.

Account Description	Historical Year	Test Year	Difference	Percent Change
454 - Rent from Electric Property	\$5,323,000	\$4,837,000	(\$486,000)	9.1%
456 - Other Electric Revenues	\$5,016,000	\$6,248,000	\$1,232,000	24.5%

The decrease in Account 454 - Rent from Electric Property primarily reflects an accounting change to no longer credit miscellaneous revenue for billings made to affiliates for their use of building space and office furniture and equipment. These billings are now being credited to expense to properly offset the building and equipment costs with the amounts being recovered from affiliates.

The increase in Account 456 - Other Electric Revenues reflects an increase in revenues related to the utility's share of wheeling and transmission service related transactions and cogeneration service charges.



Recommendation: This disclosure is provided for informational purposes.

EXHIBIT "C"

Field/Line

Justification

Direct Testimony of Helmuth W. Schultz III

Page 18, lines 20-22

Page 19, lines 1, 15-18

Exhibit HWS-1, Schedule C-3, in its entirety

Gulf Power asserts that this information is entitled to confidential classification pursuant to §366.093(3)(a) and (e), Florida Statutes, as information, the public disclosure of which would cause irreparable harm to the competitive interests of Gulf. Specifically, the information relates to compensation levels and compensation plans at Gulf Power Company. This is considered competitively sensitive and is a trade secret. The basis for confidentiality is more fully set forth in paragraph 2 of this Request. .

Exhibit EDB-1, page 10 of 17, last full paragraph of the statement of fact for Disclosure No. 4, in its entirety

Gulf Power asserts that this information is entitled to confidential classification pursuant to §366.093(3)(d) and (e), Florida Statutes, as information, the public disclosure of which would cause irreparable harm to the competitive interests of Gulf and would reveal specific contract provisions regarding one or more contracts to which Gulf is a party. The basis for confidentiality is more fully set forth in paragraph 3 of this Request. .

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for rate increase by)
Gulf Power Company)

Docket No. 010949-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 28th day of January 2002 by U.S. Mail to the following:

Marlene Stern, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

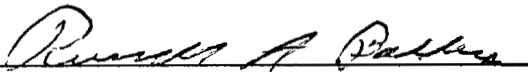
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