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Public Service Commission

June 16, 2003

James A. McGee  
Associate General Counsel  
Progress Energy Service Company, LLC  
Post Office Box 14042  
St. Petersburg, FL 33733-4042

Re: Docket No. 030001-EI, Fuel and Purchased Power Cost Recovery Clause

Dear Mr. McGee:

On May 7, 2003, Progress Energy Florida, Inc., formerly Florida Power Corporation (Progress Energy), filed a request for confidential classification for certain materials gathered by the PSC audit staff during the Progress Energy Florida, Inc. Fuel Adjustment Clause Audit for the Year Ended December 31, 2002, Audit No. 03-034-2-2.

This request for confidential classification can be found within the Commission Clerk's files as Document 04143-03 as revised by Document 04785-03, Docket No. 030001-EI. A review of this filing reveals the following three perceived deficiencies:

**Deficiency 1**

Progress Energy requests confidential treatment for a document identified as Work Paper Sheet 15, which was not identified at the April 16, 2003, audit exit conference as sensitive. The audit staff had discussed this information with Progress Energy Staff in early April and had understood that the information on Work Paper Sheet 15 could be included in the public copy of the audit report.

On April 30, 2003, Work Paper Sheet 15 was subsequently publicly released by the staff as part of the Progress Energy Fuel Adjustment Clause audit report. In response to Progress Energy's Request, this audit report has been recalled, and will be held in a temporary confidential status until this portion of the Progress Energy request is resolved. We note Work Paper 15 was electronically published for a short time before the recall. In addition, Public Counsel has retained the two copies of the audit report distributed to them.

AUS  
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DOCUMENT NUMBER 04143-03  
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Section 366.093, Florida Statutes (F.S.), provides that information which has been publicly released does not qualify for a confidential classification. Rule 25-22.006(3)(a)2, Florida Administrative Code (FAC), provides that after 21 days elapse, only for good cause shown may a document be considered for confidential classification. We request that you show good cause why this document qualifies for a confidential classification. This cause shown should also describe how the public record copy of this information in the hands of Public Counsel will be treated.

### **Deficiency 2**

The request does not provide a justification for confidential classification by page and line as required by Rule 25-22.006(4), FAC. Page and line information, along with its associated justification, is needed to describe the material in any subsequent Commission Order. To meet this requirement, companies typically add line numbers to the highlighted and redacted copies filed with the request and prepare a justification table to associate individual justifications with the sensitive information. An example justification table is enclosed.

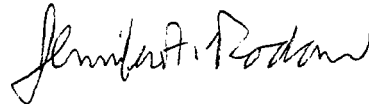
### **Deficiency 3**

The request indicates that about half of the sensitive material was obtained from the internal auditor. The exemption from public disclosure provided by Section 366.093(3)(b), F.S., concerning internal audit materials, is limited to materials taken directly from the internal auditor to include notes taken from internal reports or work papers. Information taken from other sources such as a technical analyst, operations personnel, information from the external auditor, or information gathered by a PSC auditor, does not qualify for the Section 366.093(3)(b), F.S., exemption. Materials taken from other sources may qualify for a confidential classification under one of the other provisions described by Section 366.093(3), F.S. Please review this material to ensure it was taken from the company's internal auditor. Otherwise, another type of justification as to why the material qualifies for a confidential classification must be provided.

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Progress Energy may revise its pleading, request, or justifications in response to the matters described in this letter by July 11, 2003, after which a recommendation will be prepared for the Prehearing Officer in this case based upon the record. If you have any questions regarding this matter, please give me a call at 850-413-6189, or Bob Freeman, Government Analyst, at 850-413-6485.

Sincerely,



Jennifer A. Rodan  
Attorney

Enclosure

cc: Division of Auditing and Safety (Vandiver, Freeman W/O enclosure)  
Tampa District Audit Office – McPherson (W/O enclosure)