

ORIGINAL



JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL
PROGRESS ENERGY SERVICE COMPANY, LLC

November 17, 2004

VIA HAND DELIVERY

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

RECEIVED-FPSC
NOV 17 PM 4:02
COMMISSION
CLERK

Re: Docket No. 040001-EI; Responses to Staff's Fifth Set of
Interrogatories (Nos. 22-44); **Request for Confidential Classification.**

Dear Ms. Bayó:

Enclosed for filing in the subject docket on behalf of Progress Energy Florida, Inc., are an original and seven copies of its Request for Confidential Classification. The documents containing the highlighted information for which confidential classification is sought were included with Progress Energy's Notice of Intent to Request Confidential Classification filed on October 27, 2004 in a separate sealed envelope and were designated DN 11620-04. **These documents should continue to be held as Confidential Information in accordance with Rule 25-22.006, F.A.C.** Two copies of a public version of the documents, with the confidential information redacted, were also included with the Notice of Intent.

In addition, the enclosed Request withdraws Progress Energy's claim of confidentiality with respect to the highlighted information on lines 55 and 57, pages 1 and 2, of a four-page spreadsheet attached to its response to Interrogatory No. 42 and included with its Notice of Intent. A revised public copy of these two pages with lines 55 and 57 unredacted is attached to the Request.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3½ inch diskette containing the above-referenced Request in Word format is also enclosed. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

(DN RTD 11-2-04
See 11773-04)

- CMP _____
- COM _____
- CTR _____
- ECR
- GCL
- OPC _____
- MMS _____ JAM/scc
- _____ Enclosures
- RCA _____
- _____ cc: Parties of record
- SCR _____
- SEC
- OTH *1 conf records*

RECEIVED & FILED

FPSC BUREAU OF RECORDS

100 Central Avenue (33701) | Post Office Box 14042 (33733) | St. Petersburg, Florida
Phone: 727.820.5184 | Fax: 727.820.5519 | Email: james.mcgee@pgnmail.com

DOCUMENT NUMBER-DATE

12304 NOV 17 04

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost
Recovery Clause and Generating
Performance Incentive Factor.

Docket No. 040001-EI

Submitted for filing:
November 17, 2004

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Progress Energy Florida, Inc. (Progress Energy or the Company), pursuant to pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., hereby requests confidential classification of the highlighted information in the attachments to Progress Energy's response to Interrogatory No. 40, 42 and 43 from Staff's Fifth Set of Interrogatories (the Interrogatory Responses), a copy of which was contained in the sealed envelope enclosed with the Company's Notice of Intent to Request Confidential Classification filed on October 27, 2004, and was designated Document DN 11620-04. Two copies of a public version of the Interrogatory Responses, with the confidential information redacted, were attached to the Notice of Intent.

In addition, Progress Energy withdraws its claim of confidentiality with respect to the highlighted information on lines 55 and 57, pages 1 and 2, of the four-page spreadsheet attached to its response to Interrogatory No. 42 and included with its Notice of Intent. Accordingly, a revised public copy of these two pages with lines 55 and 57 unredacted is attached to this Request.

In support hereof, Progress Energy states as follows.

Justification for Confidential Classification

1. Subsection 366.093(1), F.S., provides that any records “found by the commission to be proprietary confidential business information shall be kept confidential and shall be exempt from s. 119.07(1) [requiring disclosure under the Public Records Act].” Proprietary confidential business information includes, but is not limited to, “[i]nformation concerning . . . 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.” Paragraph 366.093(3)(d), F.S. The designated portions of the Stipulation and Settlement fall within this statutory category and, thus, constitute propriety confidential business information entitled to protection under Section 366.093 and Rule 25-22.006.

2. With respect to the portion of the attachment to the response to Interrogatory No. 40 consisting of the four-page spreadsheet entitled “Shady Hills”, the highlighted information on lines 7-9, 11-13 and 17 identifies a detailed breakdown of sensitive avoided cost data regarding the effect of the Shady Hills Agreement on the operating expenses of the Company’s generating system. Disclosure of this information, coupled with publicly available information about the size, duration and characteristics of the Shady Hills Agreement, would allow existing and potential purchased power suppliers to determine or closely approximate Progress Energy’s generating costs against which they must compete in order to provide generation resources to the Company in the future. This

would give these existing and potential suppliers a significant competitive advantage in bidding and negotiating for Progress Energy's future power purchases by allowing them to tailor their bids and negotiations to slightly undercut the Company's operating costs, and thereby avoid the need they would otherwise face to make their best offer. As a consequence, Progress Energy's ability to contract for goods and services on favorable terms would be impaired, which would result in higher purchased power costs to the detriment of the Company and, ultimately, its customers.

3. With respect to this same four-page spreadsheet, the highlighted information on lines 61-62, 64-66, and 70-71 identifies sensitive cost and price components of the Shady Hills Agreement. Similar to the avoided cost information described in paragraph 2 above, disclosure of this information would allow existing and potential purchased power suppliers to know the exact costs and prices that successfully competed against Progress Energy's generating costs. This, in turn, would give these suppliers a significant competitive advantage in bidding and negotiating for Progress Energy's future power purchases by allowing them to tailor their bids and negotiations based on the successful costs from the Shady Hills Agreement, and thereby avoid the need they would otherwise face to make their best offer. As a consequence, Progress Energy's ability to contract for goods and services on favorable terms would be impaired,

which would result in higher purchased power costs to the detriment of the Company and, ultimately, its customers.

4. With respect to the attachment to the response to Interrogatory No. 42, the highlighted information on pages 1 and 2 of 4, lines 56 and 58, identifies sensitive year-by-year capacity and pipeline costs under the Company proposed Southern UPS purchase. Disclosure of this information, coupled with publicly available tariff information about transmission costs, would allow existing and potential purchased power suppliers to determine or closely approximate Progress Energy's fixed costs, by component and in total, for the significant portion of its purchased power resource portfolio represented by the Southern UPS contract. This would give these suppliers a significant competitive advantage in bidding and negotiating for Progress Energy's future power purchases by allowing them to tailor their bids and negotiations for the capacity portion of such purchased power based on this fixed price component, and thereby avoid the need they would otherwise face to make their best offer. As a consequence, Progress Energy's ability to contract for goods and services on favorable terms would be impaired, which would result in higher purchased power costs to the detriment of the Company and, ultimately, its customers.

5. With respect to the portion of the attachment to the response to Interrogatory No. 43 consisting of the two-page table, the highlighted information under columns J, K, L, O, P, R and S, lines 17-77, and column D, lines 7-9,

identifies Progress Energy's sensitive, detailed avoided energy cost by component (columns D and J-L), the on-peak and off-peak energy costs under the proposed Southern UPS contract (columns O-P), and the difference between these Progress Energy and Southern UPS energy costs (columns R-S). Disclosure of this information would allow existing and potential purchased power suppliers to determine the previously undisclosed components of Progress Energy's variable energy costs and the variable on-peak and off-peak energy costs for the significant portion of its purchased power resource portfolio represented by the Southern UPS contract. This would give these suppliers a significant competitive advantage in bidding and negotiating for Progress Energy's future power purchases and, in particular, its economy energy purchases, by allowing them to tailor their bids and negotiations for the energy portion of such purchased power based on these energy cost components, and thereby avoid the need they would otherwise face to make their best offer. As a consequence, Progress Energy's ability to contract for goods and services on favorable terms would be impaired, which would result in higher purchased power costs to the detriment of the Company and, ultimately, its customers.

6. With respect to the remaining portion of the attachment to the response to Interrogatory No. 43 consisting of two 74-page tables labeled "SOCO" and "FRCC" on line 2, column A, the highlighted information represents Progress Energy's forecasted market clearing price (\$/MWh),

sometimes referred to as a “forward pricing curve”, within the Southern system and the FRCC region, respectively, for each hour of each day during the term of the proposed Southern UPS contract (June 1, 2010 through May 31, 2015). Disclosure of this highly sensitive information would allow existing and potential purchased power suppliers in general, and suppliers of economy energy in particular, to know the precise hour-by-hour prices that Progress Energy expects to be the basis of its economy purchase transactions during the entire five-year term of the Southern UPS contract. This knowledge would give these suppliers a significant competitive advantage in bidding or negotiating for Progress Energy’s future power purchases, particularly economy purchases, by allowing them to slightly undercut the costs the Company expects to incur for such purchases, and thereby avoid the need they would otherwise face to make their best offer. As a consequence, Progress Energy’s ability to contract for goods and services on favorable terms would be impaired, which would result in higher purchased power costs to the detriment of the Company and, ultimately, its customers.

7. The designated information for which confidential classification is sought by this Request is intended to be and is treated by the Company as private and has not been publicly disclosed.

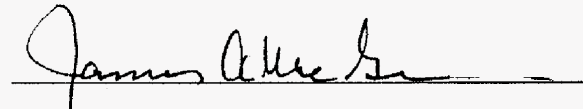
Duration of Confidential Classification

8. Progress Energy requests an 18-month confidentiality period, consistent with Rule 25-22.006 (9)(a), F.A.C. In addition, Progress Energy asks

that the confidential version of the Interrogatory Responses containing the highlighted information be returned to the Company when the Commission no longer needs the information to conduct its business, in accordance with Rule 25-22.006 (9)(b), F.A.C.

WHEREFORE, Progress Energy requests that the highlighted information in the Interrogatory Responses enclosed with the Company's October 26, 2004 Notice of Intent, as modified by the withdrawn claim of confidentiality described above, be accorded confidential classification for the reasons set forth above.

Respectfully submitted,



James A. McGee
Associate General Counsel
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, Florida 33733-4042
Telephone: 727-820-5184
Facsimile: 727-820-5519
Email: james.mcgee@pgnmail.com

Attorney for
PROGRESS ENERGY FLORIDA, INC.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	Purchase Name	Southern Company 2nd (2015)		Staff's 5th Set of Interrogatories - Response to #42												Redacted Public Copy - Revised				
2	Production costs from	Strategist																		
3	Construction escalation rate	2.50%																		
4	Fixed O&M escalation rate	2.50%																		
5	Discount rate	8.16%																		
6		2004 dollars																		
7		\$/kW	\$/kW		\$/kW	\$/kW-yr														
8		TPC	TCR	CPV FCR	CPVRR	ECC	FOM		Avg MW					Levelized						
9	CT	328	349	1,420	495	35.04	2.36		Capacity					FOM						
10	CC	440	480	1,486	713	50.46	2.79													
11	Coal	1,042	1,170	1,528	1,787	105.81	29.18													
12																				
13																				
14	Deferrals	From	To	Number of Units	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
15	CC	May-10	May-11	1	0	0	0	0	0	0	8	4	0	0	0	0	0	0	0	
16	CC	May-12	May-18	1	0	0	0	0	0	0	0	0	8	12	12	12	12	12	4	
17				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20	Total CT Deferral				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21	Total CC Deferral				0	0	0	0	0	0	8	4	8	12	12	12	12	12	4	
22	Total Coal Deferral				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23																				
24	Advances	To	From	Number of Units	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
25	CT	May-17	May-19	1	0	0	0	0	0	0	0	0	0	0	0	0	0	8	12	
26	Coal	May-15	May-17	1	0	0	0	0	0	0	0	0	0	0	0	8	12	4	0	
27				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
28				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
29					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
30	Total CT Advance				0	0	0	0	0	0	0	0	0	0	0	0	0	8	12	
31	Total CC Advance				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
32	Total Coal Advance				0	0	0	0	0	0	0	0	0	0	0	8	12	4	0	
33																				
34	Deferral Credits (\$/kW-yr)			Incl. in Credit?																
35	CT ECC				35.04	35.92	36.82	37.74	38.68	39.65	40.64	41.66	42.70	43.76	44.86	45.98	47.13	48.31	49.52	
36	CC ECC				50.46	51.72	53.02	54.34	55.70	57.09	58.52	59.98	61.48	63.02	64.60	66.21	67.87	69.56	71.30	
37	Coal ECC				105.81	108.46	111.17	113.95	116.80	119.72	122.71	125.78	128.92	132.15	135.45	138.84	142.31	145.86	149.51	
38	CT FOM			0	2.36	2.42	2.48	2.54	2.60	2.67	2.73	2.80	2.87	2.94	3.02	3.09	3.17	3.25	3.33	
39	CC FOM			0	2.79	2.86	2.93	3.01	3.08	3.16	3.24	3.32	3.40	3.49	3.57	3.66	3.75	3.85	3.94	
40	Coal FOM			0	29.18	29.91	30.65	31.42	32.21	33.01	33.84	34.68	35.55	36.44	37.35	38.28	39.24	40.22	41.23	
41																				
42																				
43	All Costs in \$Thousands																			
44																				
45	Deferral/(Advance) Credit (ECC Only)			NPV of Infinity																
46	CT Deferrals			Def/(Adv)	NPV	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
47	CC Deferrals			0	104441	0	0	0	0	0	0	19791	10143	20793	31968	32768	33587	34427	35287	12056
48	Coal Deferrals				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49	CT Advances				-5762	0	0	0	0	0	0	0	0	0	0	0	0	0	-5563	-8553
50	CC Advances				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51	Coal Advances				0	0	0	0	0	0	0	0	0	0	0	0	-46278	-71153	-24311	0
52	Total Deferral/Advance Credit/(Cost)				42602	0	0	0	0	0	0	19791	10143	20793	31968	32768	-12692	-36726	5414	3504
53																				
54	Purchase Costs (Southern Company 2nd (2015))			(Note: Shaded area for information only)																
55	Months in Year				0	0	0	0	0	0	7	12	12	12	12	5	0	0	0	
56	Capacity				97640															
57	CapacityDiscount				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
58	Pipeline				12502															
59	Transmission				25747	0	0	0	0	0	5772	9894	9894	9894	9894	4123	0	0	0	
60	Total Fixed Costs				135890	0	0	0	0	0	30365	52105	52191	52281	52370	21857	0	0	0	
61																				
62	Change in System Production costs (from model)				12667	0	0	0	0	0	5589	15497	18806	18485	17689	-32285	-45161	7794	4253	
63	Costs Not Included in Strategist (unshaded area above)				38249	0	0	0	0	0	8478	14584	14670	14760	14849	6223	0	0	0	
64	Total Scenario Cost				50916	0	0	0	0	0	14067	30081	33476	33245	32538	-26062	-45161	7794	4253	
65																				
66	Additional Cost of Purchases (Scenario Cost less Deferral Credit)				8314	0	0	0	0	0	-5724	19938	12683	1277	-230	-13371	-8435	2381	750	
67	Cost of deferring plant infrastructure				-7513	0	0	0	0	0	-1923	-986	-2021	-3107	-3184	-1088	0	-2286	-1172	
68	Additional Equity Cost				7938	0	0	0	0	0	3869	3637	2940	2173	1330	402	0	0	0	
69	Net Cost of Southern Company 2nd (2015)				8739	0	0	0	0	0	-3778	22590	13603	343	-2085	-14057	-8435	95	-422	
70																				
71																				
72																				
73																				

	A	B	C	D	E	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ
1	Purchase Name	Southern Company 2nd (2015)															Redacted Public Copy - Revised				
2	Production costs from	Strategist																			
3	Construction escalation rate	2.50%																			
4	Fixed O&M escalation rate	2.50%																			
5	Discount rate	8.16%																			
6		2004 dollars																			
7		\$/kW	\$/kW																		
8		TPC	TCR	CPV	FCR	CPVRR															
9	CT	328	349	1,420	495																
10	CC	440	480	1,486	713																
11	Coal	1,042	1,170	1,528	1,787																
12																					
13																					
14	Deferrals	From	To	Units		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
15	CC	May-10	May-11	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	CC	May-12	May-18	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Total CT Deferral					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Total CC Deferral					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Total Coal Deferral					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23																					
24	Advances	To	From	Units		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
25	CT	May-17	May-19	1	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Coal	May-15	May-17	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28				1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Total CT Advance					4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Total CC Advance					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Total Coal Advance					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33																					
34	Deferral Credits (\$/kW-yr)			Incl. in Credit?																	
35	CT ECC					50.75	52.02	53.32	54.66	56.02	57.42	58.86	60.33	61.84	63.38	64.97	66.59	68.26	69.96	71.71	
36	CC ECC					73.08	74.91	76.78	78.70	80.67	82.69	84.75	86.87	89.05	91.27	93.55	95.89	98.29	100.75	103.27	
37	Coal ECC					153.25	157.08	161.01	165.03	169.16	173.39	177.72	182.16	186.72	191.39	196.17	201.07	206.10	211.25	216.54	
38	CT FOM			0		3.41	3.50	3.59	3.68	3.77	3.86	3.96	4.06	4.16	4.26	4.37	4.48	4.59	4.71	4.82	
39	CC FOM			0		4.04	4.14	4.25	4.35	4.46	4.57	4.69	4.80	4.92	5.05	5.17	5.30	5.44	5.57	5.71	
40	Coal FOM			0		42.26	43.31	44.40	45.51	46.64	47.81	49.00	50.23	51.48	52.77	54.09	55.44	56.83	58.25	59.71	
41																					
42																					
43	All Costs in \$Thousands																				
44																					
45	Deferral/(Advance) Credit (ECC Only)			NPV of Infinity																	
46	CT Deferrals			Def/(Adv)	NPV	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47	CC Deferrals			0	104441	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	Coal Deferrals				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49	CT Advances				-5762	-2922	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50	CC Advances				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51	Coal Advances				0	-56077	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52	Total Deferral/Advance Credit/(Cost)				42602	-2922	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53																					
54	Purchase Costs (Southern Company 2nd (2015))			(Note: Shaded area for i																	
55	Months in Year					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56	Capacity				97640																
57	Capacity Discount				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
58	Pipeline				12502																
59	Transmission				25747	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
60	Total Fixed Costs				135890	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
64																					
65	Change in System Production costs (from model)				12667	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
66	Costs Not Included in Strategist (unshaded area above)				38249	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
67	Total Scenario Cost				50916	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
68																					
69	Additional Cost of Purchases (Scenario Cost less Deferral Credit)				8314	2922	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70	Cost of deferring plant infrastructure				-7513	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
71	Additional Equity Cost				7938	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
72	Net Cost of Southern Company 2nd (2015)				8739	2922	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
73																					

PROGRESS ENERGY FLORIDA

DOCKET NO. 040001-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Classification on behalf of Progress Energy Florida has been furnished to the following individuals by regular U.S. Mail the 17th day of November, 2004.

Adrienne Vining, Esquire
Office of the General Counsel
Economic Regulation Section
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

John T. Butler, Esquire
Steel Hector & Davis
200 S. Biscayne Blvd., Suite 4000
Miami, Florida 33131

Lee L. Willis, Esquire
James D. Beasley, Esquire
Ausley & McMullen
P.O. Box 391
Tallahassee, FL 32302

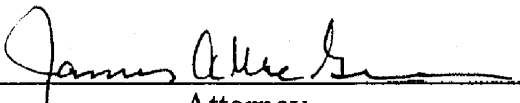
Jeffrey A. Stone, Esquire
Russell A. Badders, Esquire
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Norman H. Horton, Jr., Esquire
Messer Caparello & Self
P. O. Box 1876
Tallahassee, FL 32302

Patricia A. Christensen, Esquire
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison St., Room 812
Tallahassee, FL 32399-1400

John W. McWhirter, Jr., Esquire
McWhirter Reeves McGlothlin Davidson
Kaufman & Arnold, P.A.
400 North Tampa Street
Suite 2450
Tampa, FL 33601

Vicki Gordon Kaufman, Esquire
McWhirter Reeves McGlothlin Davidson
Kaufman & Arnold, P.A.
117 South Gadsden Street
Tallahassee, FL 32301


Attorney