

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Petition for rate increase by
Progress Energy Florida, Inc.

Docket No. 050078-EI
Submitted for filing:
June 17, 2005

COMMISSION
CLERK

**AFFIDAVIT OF JAVIER PORTUONDO IN SUPPORT OF
PROGRESS ENERGY FLORIDA'S
THIRD REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF FLORIDA

COUNTY OF PINELLAS

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

1. My name is Javier Portuondo. I am over the age of 18 years old and I have been authorized by Progress Energy Florida (hereinafter "PEF" or the "Company") to give this affidavit in the above-styled proceeding on PEF's behalf and in support of PEF's Third Request for Confidential Classification. The facts attested to in my affidavit are based upon my personal

EMP _____ knowledge.

COM _____

CTR _____

ECR 1 for the regulatory accounting and reporting activities of Progress Energy Florida, Inc.

GCL 1

OPC _____

MMS _____

RCA _____

SCR _____

SEC 1

OTH 1 conf records

2. I am the Director, Regulatory Services – Florida. This department is responsible

3. As PEF's Director of Regulatory Services, I help prepare, use, and am familiar with PEF's projected budgets and budget variance reports as well as certain of PEF's internal business plans, strategies, and analyses. I am also familiar with certain PEF contracts with outside parties and the sensitive and confidential nature of certain provisions within those

contracts. I am also familiar with, and often participate in, confidential internal audits and audit reviews and analyses conducted by the Company.

4. In its Third Request for Confidential Classification, PEF is seeking confidential classification for portions of its responses to OPC's First Set of Interrogatories (No. 1-57) and OPC's First Request for Production of Documents (Nos. 1-75). The information which PEF seeks confidential classification is more specifically described in Attachment C to PEF's Third Request for Confidential Classification.

5. Portions of PEF's attachments to its response to OPC's Interrogatory number 28 describe how PEF's incentive compensation was determined for the years 2005-2006, and those documents contain analyses of PEF's business strategies and budgets regarding incentive compensation. If PEF's competitors were made aware of PEF's business procedures and internal business plans regarding these issues, they may adjust their behavior in the market place with respect to issues such as employee salaries, incentive payments, and other compensation issues. By doing so, PEF's competitors could thereby adversely impact PEF's competitive position in the job market by, among other things, reducing the number of available employees to hire and/or by soliciting PEF's current employees for employment.

6. Portions of PEF's attachments to its response to OPC's Interrogatory number 33 contain projected active medical expenses and costs, by FERC account, for 2005 and 2006. If PEF's suppliers and providers of medical services were made aware of PEF's estimated budgets, budget variances, or internal business plans regarding projected medical costs and expenses, they may adjust their behavior in the market place with respect to activity such as pricing and the provision of goods, materials, and services. Specifically, such suppliers and providers may

decrease supply of such goods and services, and/or increase the cost and prices of such goods and services.

7. The Response to Document Request number 5 relates to changes made to PEF's internal policy and assessment of various charging practices. These documents contain internal assessments made by PEF regarding potential contractors and service providers, as well as documents dealing with requests for proposals to be sent to various contractors and service providers. If such assessments were made available to those potential contractors and service providers, they may, for example, increase the cost of such services, and/or modify the scope of such services provided. Additionally, some of the responsive documents to this Request contain the results of detailed internal audits done by or for the benefit of PEF regarding various charging practices. Such information is protected from public disclosure by Section 366.093(3)(b), Fla. Stat.

8. The Response to Document Request number 5 also contains information regarding competitive contractual provisions between PEF and third-parties that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

9. The Response to Document Request number 6 relates to PEF's marketing programs for 2005 and 2006. If PEF's suppliers of marketing services and goods were made aware of PEF's internal business plans or strategies for marketing programs, they may adjust their behavior in the market place with respect to activity such as pricing and the acquisition and provision of goods and services. Specifically, such suppliers and providers may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services.

10. The Response to Document Request number 7 relates to PEF's cost/benefit analysis and studies conducted regarding the planned deployment of automated meter reading. If PEF's suppliers or competitors were made aware of PEF's business plans, strategies, or analysis for the implementation and development of PEF's automated meter reading system, they may adjust their behavior in the market place with respect to activity such as pricing and the acquisition or provision of goods, materials, and services. Specifically, such suppliers and providers may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services. Additionally, PEF's competitors may adjust their consumption behavior in the market, thereby potentially making goods and services less available and more expensive to PEF.

11. The Response to Document Request number 8 relates to PEF's current and anticipated advertising and marketing programs. If PEF's suppliers of marketing services and goods were made aware of PEF's current and anticipated programs for advertising and marketing, they may adjust their behavior in the market place with respect to activity such as pricing and provision of goods, materials, and services. Specifically, such suppliers and providers may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services.

12. The Response to Document Request number 8 also contains information regarding competitive contractual provisions between PEF and third-parties that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

13. The Response to Document Request number 10 contains PEF's internal summaries, descriptions, and potential responses to audits and audited issues, the disclosure of which would potentially impact PEF's competitive business interests. Such information is protected from public disclosure by Section 366.093(3)(b), Fla. Stat.

14. The Response to Document Request number 15 relates to PEF's SEC audit reports and recommendations and PEF's responses to same. The documents in question contain detailed, sensitive business information that could potentially adversely impact PEF's competitive business interests if disclosed to the public. Disclosure of such sensitive business information could allow PEF's suppliers and providers to decrease supply of such goods and services, and/or increase the cost and prices of such goods and services. Furthermore, the responsive documents contain PEF's internal summaries, descriptions, and potential internal plans to respond to SEC audit reports and recommendations. Such information regarding internal auditing is protected from public disclosure by Section 366.093(3)(b), Fla. Stat.

15. Portions of the documents in response to Document Request number 15 contain information concerning contractual arrangements between PEF and third parties, the disclosure of which would impair PEF's efforts to contract for goods and services on favorable terms. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

16. The Response to Document Request number 16 contains meeting minutes from the Company's Board of Directors which disclose PEF's internal business plans and strategies. If PEF's suppliers or competitors were made aware of PEF's internal business plans, strategies or analysis, they may adjust their behavior in the market place with respect to activity such as pricing and the acquisition and provisions of goods, materials, and services. Specifically, PEF's

suppliers or providers may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services. Additionally, PEF's competitors may adjust their consumption behavior in the market, thereby potentially making goods and services less available and more expensive to PEF.

17. The Response to Document Request number 21 relates to PEF's budget variance reports and documents depicting variances between actual and projected expenses, revenue, and income for the year 2005 to date. If PEF's suppliers or competitors were made aware of PEF's estimated budgets, budget variances, or revenue and income variances for 2005, they may adjust their behavior in the market place for future months in 2005 with respect to activity such as pricing and the acquisition and provision of goods, materials, and services. Specifically, PEF's suppliers and providers may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services. Additionally, PEF's competitors may adjust their consumption behavior in the market, thereby potentially making goods and services less available and more expensive to PEF.

18. The Response to Document Request number 21 also contains contractual data such as pricing and payments made by PEF to outside contractors, the disclosure of which would impair PEF's efforts to contract for goods and services on favorable terms, and would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

19. The Response to Document Request number 28 contains confidential pricing terms of a real property contract that PEF has with an outside party, the disclosure of which would impair PEF's competitive business interests. If other third parties are made aware of

confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

20. The Response to Document Request number 33 relates to bonuses paid to employees and corporate officers. If PEF's competitors were made aware of PEF's bonuses paid to employees and corporate officers, they may adjust their behavior in the market place with respect to issues such as employee salaries, bonuses, and other compensation issues, thereby adversely impacting PEF's competitive position in the job market by, among other things, reducing the number of available employees to hire and/or by soliciting PEF's current employees for employment.

21. The Response to Document Request number 34 relates to PEF's incentive compensation and bonus plans for 2005 and 2006. If PEF's competitors were made aware of PEF's 2005 and 2006 compensation and bonus plans, they may adjust their behavior in the market place with respect to issues such as employee salaries, bonuses, and other compensation issues. By doing so, PEF competitors could thereby adversely impact PEF's competitive position in the job market by, among other things, reducing the number of available employees to hire and/or by soliciting PEF's current employees for employment.

22. The Response to Document Request number 36 contains monthly financial statements for the year 2005 to date that PEF provides to operating managers. If PEF's suppliers or competitors were made aware of PEF's budgets or financial statements for 2005, they may adjust their behavior in the market place for future months in 2005 with respect to activity such as pricing and the acquisition and provision of goods, materials, and services. Specifically, PEF's suppliers and providers may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services. Additionally, PEF's competitors may adjust their

consumption behavior in the market, thereby potentially making goods and services less available and more expensive to PEF.

23. Portions of the responsive documents to Document Request number 36 also include information regarding competitive contractual provisions between PEF and third parties. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations, thereby adversely impacting PEF's competitive business interests

24. The Response to Document Request number 37 analyzes, evaluates and critiques PEF's financial forecasts for the years 2005, 2006, and 2007. If PEF's suppliers or competitors were made aware of PEF's internal business plans, analyses, strategies, and financial forecasts for 2005-2007, they may adjust their behavior in the market place with respect to activity such as pricing and the acquisition or provision of goods, materials, and services. Specifically, PEF's suppliers and providers may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services. Additionally, PEF's competitors may adjust their consumption behavior in the market, thereby potentially making goods and services less available and more expensive to PEF.

25. The Response to Document Request number 42 contains confidential insurance rates, premiums, deductibles, and information regarding competitive contractual provisions between PEF and third parties that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

26. The Response to Document Request number 43 contains insurance invoices and information regarding competitive contractual provisions, such as premiums and pricing, between PEF and third parties that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

27. The Response to Document Request number 47 contains contracts and engagement letters with consultants, witnesses, and law firms engaged in PEF's 2005 rate case, that contain competitive contractual information regarding contractual agreements between PEF and third-parties that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

28. The Response to Document Request number 48 contains PEF's 2005 rate case expenses which disclose confidential contractual pricing and rate arrangements between PEF and third-parties that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

29. The Response to Document Request number 56 contains confidential financial information and confidential tax information that is not publicly available. Such documents may adversely impact PEF's competitive business interests if disclosed to the public because the information therein contains detailed financial information related to costs and expenses that the

Company incurs as well as detail regarding the company's revenue. Specifically, PEF's suppliers and providers, if made aware of the financial information at issue, may decrease supply of such goods and services, and/or increase the cost and prices of such goods and services. Additionally, PEF's competitors may adjust their consumption behavior in the market, thereby potentially making goods and services less available and more expensive to PEF.

30. The Response to Document Request number 63 contains recent internal audit reports regarding affiliate transactions and/or cost allocations between affiliated companies. Such information is protected from public disclosure by Section 366.093(3)(b), Fla. Stat.

31. The Response to Document Request number 64 contains confidential contracts between PEF and third parties that provide services to PEF that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

32. The Response to Document Request number 68 contains invoices from PEF to third parties which contain confidential pricing items for goods and services that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

33. The Response to Document Request number 73 contains information regarding assets transferred to and from PEF and third parties, along with the pricing terms of such transfers, that would adversely impact PEF's competitive business interests if disclosed to the public. If other third parties are made aware of confidential contractual terms that PEF has with

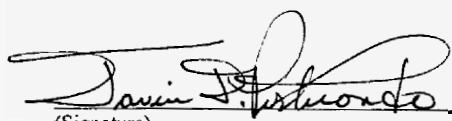
other parties, they may offer PEF less competitive contractual terms in future contractual negotiations.

34. With respect to the confidential information at issue, strict procedures are established and followed to maintain the confidentiality of that information, including restricting access to those persons who need information to assist the Company, and restricting the number of those who have access to the information. At no time has the Company publicly disclosed that information. The Company has treated and continues to treat the information at issue as confidential.

35. This concludes my affidavit.

Further affiant sayeth not.


Dated this 16th day of June, 2005.


(Signature)

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 16th day of June, 2005 by Javier Portuondo. He is personally known to me, or has produced his _____ driver's license, or his _____ as identification.



(AFFIX NOTARIAL SEAL)


(Signature)
SUZANNE H. MILLER
(Printed Name)
NOTARY PUBLIC, STATE OF Florida
3/27/09
(Commission Expiration Date)