



December 8, 2005

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

Re: Docket No. 050001-EI-Request for Specified Confidential Treatment

Dear Ms. Bayo:

Enclosed for filing is the original plus 10 copies of Progress Energy Florida, Inc.'s FPSC 423 **revised Justification Matrix and Revised Monthly 423-2, 423-2A, 423-2B, 423-2C for IMT Transfer Facility** for the month of August 2005. Sealed Attachment C to the request is an unredacted copy of the forms which denotes the confidential information with shading. **This document should be treated as Specified Confidential.** The documents in sealed Attachment C and the edited copies of the forms provided herein should be substituted in place of those originally provided to you in the Company's Request for Specified Confidential Treatment for August 2005 dated 10/20/05.

Please acknowledge your receipt and filing of the above on the enclosed copy of this letter and return same to me.

Very truly yours,


John Burnett
Associate General Counsel

JB/sc
Enclosures
cc: Parties of record

Progress Energy Florida, Inc. – Certificate of Service

Docket No. 050001-EI

I HEREBY CERTIFY that a true copy of Progress Energy Florida, Inc.'s FPSC 423 revised Justification Matrix and Revised Monthly 423-2, 423-2A, 423-2B, 423-2C for IMT Transfer Facility for the month of August 2005 have been furnished to the following individuals by regular U.S. Mail this 8th day of December 2005.

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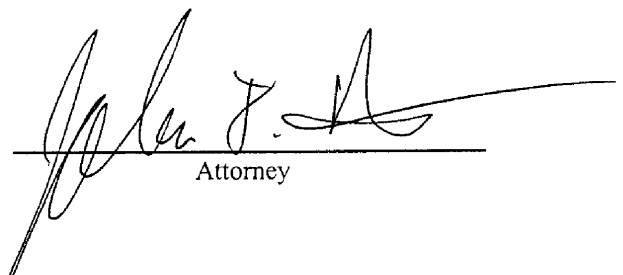
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Justification Matrix

Reporting Month: August, 2005

FORM 423-1A		
Line No.	Column	Justification
1-28	H	(1) §366.093(3)(d) The information under "Invoice Price", identifies the basic component of the contract pricing mechanism. Disclosure of the invoice price, particularly if in conjunction with information under other columns discussed below, would enable suppliers to determine the pricing mechanisms of their competitors. The likely result would be greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as PEF to bargain for price concessions, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.
1-28	I	(2) §366.093(3)(d) Disclosure of the Invoice Amount, when divided by the Volume figure available from column G, would also disclose the Invoice Price in column.
1-28	J	(3) §366.093(3)(d) Disclosure of the Discount, in conjunction with other information under columns K, L, M or N, could also disclose the Invoice Price shown in column H by mathematical deduction. In addition, disclosure of discounts resulting from bargaining concessions would impair the ability of PEF to obtain such concessions in the future for the reasons discussed in item (1) above.
1-28	K	(4) §366.093(3)(d) See item (3) above.
1-28	L	(5) §366.093(3)(d) See item (3) above.
1-28	M	(6) §366.093(3)(d) See item (3) above.
1-28	N	(7) §366.093(3)(d) See item (3) above. This column is particularly sensitive because it is usually the same as or only slightly different from the Invoice Price in column H.
1-28	O	(8) §366.093(3)(d) Disclosure of the Transportation to Terminal Charges, in conjunction with the information under column Q, would also disclose the Effective Purchase Price in column N by subtracting them from the Delivered Price available in column R.
1-28	Q	(9) §366.093(3)(d) See item (8) above.

FORM 423-2

Plant Name, Line No.	Column	Justification
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	G	(10) §366.093(3)(d) The Effective Purchase Price is also found on Form 423-2A, column L, and on Form 423-2B, column G. In nearly every case it is the same as the FOB Mine Price found under column F on Form 423-2A, which is the current contract price of coal purchased from each supplier by Progress Fuels Corporation (PFC) for delivery to PEF. Disclosure of this information would enable suppliers to determine the prices of their competitors, which would likely result in greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as PFC to bargain for price concessions on behalf of PEF, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect. In addition, disclosure of the Effective Purchase Price would also disclose the Total Transportation Cost in column H by subtracting column G from the FOB Plant Price in column I.
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	H	(11) §366.093(3)(d) See item (25) below. In addition, disclosure of the Total Transportation Cost would also disclose the Effective Purchase Price in column G when subtracted from the FOB Plant Price in column I.

FORM 423-2A

Plant Name, Lines	Column	Justification
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	F	(12) §366.093(3)(d) The FOB Mine Price is the current contract price of coal purchased from each supplier by PFC for delivery to PEF. Disclosure of this information would enable suppliers to determine the prices of their competitors, which would likely result in greater price convergence in future bidding. Disclosure would also result in a reduced ability on the part of a major purchaser such as PFC to bargain for price concessions on behalf of PEF, since suppliers would be reluctant or unwilling to grant concessions that other potential purchasers would then expect.
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	H	(14) §366.093(3)(d) The Original Invoice Price is the same as the FOB Mine Price in column F, except in rare instances when the supplier is willing and able to disclose its short haul and loading costs (column G), if any, included in the contract price of coal. Disclosure would therefore be detrimental for the reasons identified in item (12) above.
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	J	(16) §366.093(3)(d) The Base Price is the same as the Original Invoice Price in column H, since retroactive price adjustments (column I) are normally received well after the reporting month and are included on Form 423-2C at that time. Disclosure would therefore be detrimental for the reasons identified in item (12) above.
Crystal River 1&2 , 1-5 Crystal River 4&5, 1-4 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	K	(17) §366.093(3)(d) Quality Adjustments are normally received well after the reporting month and are therefore included on Form 423-2C at that time. These adjustments are based on variations in coal quality characteristics (usually BTU content) between contract specifications and actual deliveries. Disclosure of this information would allow the FOB mine price to be calculated using the associated tonnage and available contract BTU specifications.
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	L	(18) §366.093(3)(d) The Effective Purchase Price is the same as the Base Price in column J, since quality adjustments are normally not reported in column K. Disclosure would therefore be detrimental for the reasons identified in item (12) above.

FORM 423-2B

Plant Name, Lines	Column	Justification
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	G	(19) §366.093(3)(d) See item (10) above.
Crystal River 1&2 , 1-5 Crystal River 4&5, 1-4	I	(20) §366.093(3)(d) The information under Rail Rate is a function of PFC's contract rate with the railroad and the distance between each coal supplier and Crystal River. Since these distances are readily available, disclosure of the Rail Rate would effectively disclose the contract rate. This would impair the ability of a high volume user such as PFC to obtain rate concessions, since railroads would be reluctant to grant concessions that other rail users would then expect.
Crystal River 1&2 , 1-5 Crystal River 4&5, 1-4	J	(21) §366.093(3)(d) Other Rail Charges consist of PFC's railcar ownership cost. This cost is internal information which is not available to any party with whom PFC contracts, railroads or otherwise. If this information were disclosed to the railroad, their existing knowledge of PFC's rail rates would allow them to determine PFC's total rail cost and be better able to evaluate PFC's opportunity to economically use competing transportation alternatives.
Transfer Facility – IMT, 1-11	K	(22) §366.093(3)(d) The figures under River Barge Rate are a portion of the total cost reported in the Transportation Charges under column P on Form 423-2B. See item (24) below. In the case of waterborne deliveries to the Crystal River Plants, the figures represent PFC's current river barge transportation rate. Disclosure of these transportation rates would enable coal suppliers to bid a FOB mine price calculated to produce a delivered plant price at or marginally below PFC's current delivered price, which is available on Form 423-2, column I. Without this opportunity to calculate a perceived maximum acceptable price, suppliers would be more likely to bid their best price.
McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	L	(23) §366.093(3)(d) The figures under Transloading Rate are a portion of the total cost reported in the Transportation Charges under column P on Form 423-2B. See item (24) below. In the case of waterborne deliveries to the Crystal River Plants, the figures represent PFC's current transloading rate. Disclosure of these transportation rates would enable coal suppliers to bid a FOB mine price calculated to produce a delivered plant price at or marginally below PFC's current delivered price, which is available on Form 423-2, column I. Without this opportunity to calculate a perceived maximum acceptable price, suppliers would be more likely to bid their best price.
Crystal River 1&2 , 1-6 Crystal River 4&5, 1-6 McDuffie Coal Terminal, 1 Transfer Facility – IMT, 1-11	P	(24) §366.093(3)(d) The figures under Transportation Charges are the same as the Total Transportation Cost under column H on Form 423-2. See item (11) above. In the case of rail deliveries to the Crystal River Plants, these figures represent PFC's current rail transportation rate. In the case of waterborne deliveries to the Crystal River Plants, the figures represent PFC's current Gulf barge transportation rate. In the case of water deliveries to the IMT "Plant", the figures represent PFC's current river transportation rate. Disclosure of these transportation rates would enable coal suppliers to bid a FOB mine price calculated to produce a delivered plant price at or marginally below PFC's current delivered price, which is available on Form 423-2,

FORM 423-2C

<u>Plant Name, Line No.</u>	<u>Column</u>	<u>Justification</u>
Crystal River 1&2 , 1-8 Crystal River 4&5, 1-13 McDuffie Coal Terminal, 1-2	J	(25) The type of information under this column and column K relates to the particular column on Form 423-2, 2A, or 2B to which the adjustment applies (identified in column I). The column justifications above also apply to the adjustments for those column reported on Form 423-2C. In particular, see item (14), Retroactive Price Increases, and item (16), Quality Adjustments, which apply to the majority of the adjustments on Form 423-2C.
Crystal River 1&2 , 1-8 Crystal River 4&5, 1-13 McDuffie Coal Terminal, 1-2	K	(26) See item (25) above.

**Explanation of the Need to Maintain
Confidential Classification for a 24-Month Duration**

The majority of the fuel and transportation contracts from which the costs in the 423 Report are derived contain annual price adjustment provisions. If existing or potential fuel and transportation suppliers were to obtain confidential contract pricing information for a prior reporting month within the currently effective 12-month adjustment period, current pricing information would be disclosed. In addition, if contractual pricing information for a reporting month in the previous 12-month adjustment period were to be obtained, the information would be only one adjustment removed from the current price. Suppliers knowledgeable in the recent escalation experience of their market could readily calculate a reasonably precise estimate of the current price.

To guard against providing suppliers with such a competitive advantage, confidential information must be protected from disclosure for the initial 12-month period in which it could remain current, and for the following 12-month period in which it can be readily converted into essentially current information. For example, if information for the first month under an adjusted contract price is reported in May of Year 1, the information will remain current through April of Year 2. Thereafter, the initial May, Year 1 information will be only one escalation adjustment removed from the current information reported each month through April, Year 3. If confidential classification of the May, Year 1 information were to expire after 18 months, suppliers would be able to accurately estimate current prices in October, Year 2 using information that had been current only six months earlier.

An 18-month confidentiality period would effectively waste the protection given in the first six months of the second 12-month pricing period (months 13 through 18) by disclosing information of the same vintage in the last six months of the pricing period. The information disclosed in months 19 through 24 would be equally as detrimental in terms of revealing the current price as the information protected from disclosure during the preceding six months. To make the protection provided in months 13 through 18 meaningful, it must be extended through month 24.

Extending the confidentiality period by six months would mean that the information will be one additional price adjustment further removed from the current price at the time of disclosure. Simply put, a six-month extension provides an additional 12 months of protection.