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COMMISSION
CLERK

DATE: April 18, 2006

TO: Kay B. Flynn, Chief of Records, Division of the Commission Clerk & Administrative Services

FROM: R. Lynn Fisher, Government Analyst II, Division of Competitive Markets & Enforcement

RE: Docket No. 060251-EI - Gulf Power Company's Request for Confidential Classification of Documents and Audit Work Papers for the Electric Service Quality and Reliability Audit

On March 17, 2006 Gulf Power Company filed a Request For Confidential Classification, pursuant to Rule 25-22.006, Florida Administrative Code, requesting the protection of certain documents and auditor work papers associated with the *Review of Electric Service Quality of Florida Investor - Owned Utilities - Gulf Power Company* from public disclosure. Gulf Power's request includes document items 1.6a, 1.21, 1.24, 1.30a, 1.32, 1.33a, 2.3e-f, 3.3b, 3.4, 4.4a-b, certain hand-written auditor notes, and selected work papers from the review.

Please file the attached April 7, 2006 memo to legal staff and my assessment of Gulf's request for confidential treatment in docket 060251-EI.

cc: Beth Salak
Dale Mailhot
Lisa Harvey
Carl Vinson
Della Fordham

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-M-E-M-O-R-A-N-D-U-M-

DATE: April 7, 2006
TO: Samantha Cibula, Senior Attorney, Office of the General Counsel
FROM: Robert L. Fisher, Government Analyst II, Division of Competitive Markets & Enforcement
RE: Docket No. 060251-EI - Gulf Power Company's Request for Confidential Classification of Documents and Audit Work Papers for the Electric Service Quality and Reliability Audit

On March 17, 2006 Gulf Power Company filed a Request For Confidential Classification, pursuant to Rule 25-22.006, Florida Administrative Code, requesting the protection of certain documents and auditor work papers associated with the *Review of Electric Service Quality of Florida Investor - Owned Utilities – Gulf Power Company* from public disclosure. Gulf Power's request includes document items 1.6a, 1.21, 1.24, 1.30a, 1.32, 1.33a, 2.3e-f, 3.3b, 3.4, 4.4a-b, certain hand-written auditor notes, and selected work papers from the review.

Staff's response to Gulf Power Company's request for confidential treatment of each item is attached. Copies of redacted and non-redacted portions of staff's work papers are also attached. If you have any questions or comments regarding staff's response or the attached documents please contact me as soon as possible.

cc: Lisa Harvey
Carl Vinson

DOCKET 060251-EI

Gulf Power request for confidential classification of certain documents and work papers associated with the *Review of Electric Service Quality of Florida Investor-Owned Utilities – Gulf Power*

Documents Requested as Confidential	Company Reason for Requesting Confidential Classification	Staff Assessment of the Company's Request
DR-1.6a pgs. 2-21	Pursuant to F.S. section 366.093(3)(e); contains results of externally prepared customer surveys, the property of the contractors that prepared them and are subject to a confidentiality agreement; business strengths and weaknesses revealed by the surveys and the questions constitute competitively sensitive information and would allow competitors to optimize their systems and practices at Gulf Power's expense.	These pages of data are marked "Confidential and Proprietary Information", and contain specific questions used to survey Gulf Power's customer opinions regarding service reliability and power quality. Since these are confidential documents between Southern Company, Gulf Power and its contractors, staff agrees that pages 2-21 should remain protected pursuant to F.S. section 366.093(3)(e).
DR-1.21[f] pgs. 3-8	Pursuant to F.S. section 366.093(3)(a) and (e); information contains excerpts and/or summaries from proprietary Gulf Power and Southern Company procedures and specifications plates; embodies the best practices on how to operate their systems; would provide access to the Company's internal procedures and specifications and allow competitors to optimize their own systems at Gulf Power's expense.	These pages contain Gulf Power and Southern Company procedures for grounding and lightning protection. Staff believes that Gulf's request to protect these operational procedures from public dissemination is reasonable, and agrees that pages 3-8 should remain protected pursuant to F.S. section 366.093(3)(a) and (e).
DR-1.24 pgs. 3-16	Pursuant to F.S. section 366.093(3)(a) and (e); information contains excerpts and/or summaries from proprietary Gulf Power and Southern Company procedures and specifications plates; embodies the best practices on how to operate their systems; would provide access to the Company's internal procedures and specifications and allow competitors to optimize their own systems at Gulf Power's expense.	These pages contain Gulf Power and Southern Company procedures for animal protection. Staff believes that Gulf's request to protect these operational procedures from public dissemination is reasonable, and agrees that pages 3-16 should remain protected pursuant to F.S. section 366.093(3)(a) and (e).
DR-1.30a pgs. 3-9	Pursuant to F.S. section 366.093(3)(a) and (e); reflects the types of distribution, transmission and substation transformers used by the Company and the current load characteristics and assumptions for the use of each; competitively sensitive proprietary business information which would cause Gulf Power Company's competitive business interests irreparable harm if disclosed; would provide Gulf's competitors access to the Company's internal procedures and specifications and allow competitors to optimize their own systems at Gulf Power's expense.	These pages contain detailed Gulf Power Company operational information and charts used for distribution transformer loading. Staff believes that Gulf's request to protect these operational procedures from public dissemination is reasonable, and agrees that pages 3-9 should remain protected pursuant to F.S. section 366.093(3)(a) and (e).

DR-1.32 Exhibit 1	Pursuant to F.S. section 366.093(3)(a) and (e); information contains excerpts and/or summaries from proprietary Gulf Power and Southern Company procedures and specifications plates; embodies the best practices on how to operate their systems; would provide access to the Company's internal procedures and specifications and allow competitors to optimize their own systems at Gulf Power's expense.	This exhibit contains the detailed Southern Company recommended operational procedures for the substation inspection program and outlines tasks, settings and measures for different types of equipment inspected within the substation. Staff believes that Gulf's request to protect these operational procedures from public dissemination is reasonable, and agrees that DR-1.32, Exhibit 1, should remain protected pursuant to F.S. section 366.093(3)(a) and (e).
DR-1.33a, Exhibits 1-2	Pursuant to F.S. section 366.093(3)(a) and (e); information contains excerpts and/or summaries from proprietary Gulf Power and Southern Company procedures and specifications plates; embodies the best practices on how to operate their systems; would provide access to the Company's internal procedures and specifications and allow competitors to optimize their own systems at Gulf Power's expense.	Exhibit 1 contains the detailed Southern Company recommended operational procedures and technical specifications for distribution overhead lines and facilities, pole ground line inspections and internal and external pole treatments. Exhibit 2 contains the detailed transmission line inspection procedures for transmission facilities. Staff believes that Gulf's request to protect these operational procedures from public dissemination is reasonable, and agrees that Exhibits 1 and 2, in their entirety, should remain protected pursuant to F.S. section 366.093(3)(a) and (e).
DR-2.3 e-f	Pursuant to F.S. section 366.093(3)(e); contains competitively sensitive proprietary business information that would cause irreparable harm to Gulf Power's competitive business interests if disclosed; responses outline employee target award opportunity goals, annual achievement rates and dollars awarded; documents reflect the company's design and structure of a compensation plan that allows it to successfully recruit and retain employees in a competitive market; it is akin to the pricing of contracts for commodities and its disclosure would impair the Company's efforts to compete for qualified employees.	Gulf's response to DR-2.3e includes detailed information of the percent of target award opportunity available to individual employee pay groups and the Performance Pay Program Goal Achievement for 1999-2005. The response to DR-2.3f includes the actual dollars paid by Gulf to management and non-management employees for the same period. Staff believes that Gulf's request to protect this data from public dissemination is reasonable, and agrees that responses to items e and f should remain protected pursuant to F.S. section 366.093(3)(e).
DR-3.3b	Pursuant to F.S. section 366.093(3)(e); contains proprietary business information which would cause irreparable harm to Gulf Power Company's competitive business interests; reflect an externally prepared assessment/critique of Gulf Power's response to hurricanes occurring in 2004 and outlines protocols in detail along with strengths, weaknesses and suggestions for improvement; disclosure of this information would harm Gulf power by revealing how the company allocates financial and non-financial resources relative to hurricane preparedness and would allow Gulf's competitors to capitalize on such information and optimize their practices at Gulf Power's	This response contains a Southern Company Emergency Ops Review for Gulf Power conducted after hurricane Ivan. The assessment assesses what activities were completed successfully for storm restoration and areas of improvement useful for the next emergency event. The assessment includes Gulf's emergency coordination between other companies and contains individual names and assignments for improving specific areas. Staff believes that Gulf's request to protect this data from public dissemination is reasonable, and agrees that responses to items e and f should remain protected pursuant to F.S. section 366.093(3)(e).

	expense.	
DR-3.4	Pursuant to F.S. section 366.093(3)(a) and (e); documents contain proprietary business information which would cause irreparable harm to Gulf Power's competitive business interests; documents consist of Gulf's Area Distribution Studies, akin to an audit; studies are self-critical analyses which reveal internal company practices and procedures related to distribution reliability; disclosure of the information would allow competitors to capitalize on identified weaknesses and emulate identified strengths at the Company's expense.	Detailed and specific information used to plan for Gulf Power's distribution system growth and loading requirements are included in the Area Distribution Studies provided in DR-3.4. These studies identify specific strategies to upgrade and improve system load balance against expected growth conditions throughout the Company. This information is proprietary and sensitive in nature and should be protected pursuant to F.S. section 366.093(3)(a) and (e).
DR- 4.4a-b Pgs. 2-3	Pursuant to F.S. section 366.093(3)(e); contains proprietary business information which would cause irreparable harm to Gulf Power Company's competitive business interests; documents consist of company operational and financial targeted goals for employee performance; documents reflect the Company's internal strategy for improving reliability and its business processes generally and reflect those specific operational goals which Gulf Power emphasizes in order to best serve its customers and the degree to which such goals are emphasized relative to one another; documents reflect the Company's monetary expenditures in furtherance of those goals; if publicly disclosed, the information could be used by competitors to optimize their own business strategies at Gulf Power's expense.	DR-4.4a-b contains detailed data on Gulf Power's financial and operational target goals and results for the period 1999-2005. These target and results goals are the basis for Gulf Power's Performance Pay Program held confidential in DR-2.3e and are considered by the company as proprietary business information. Staff believes Gulf's request that this information not be disclosed to the general public is reasonable. Staff believes pages 2-3 of DR-4.4a-b should remain under confidential protection, pursuant to F.S. section 366.093(3)(e).
Work papers Page 8, lines 3 and 4 of auditors handwritten notes dated 10/19/05 and titled "Audits- Reliability Review"	Pursuant to F.S. section 366.093(3)(d); references a specific monetary amount paid to an outside contractor; as contractual data the disclosure would impair Gulf's efforts to contract goods and services on favorable terms.	Lines 3-4 on page 8 of the auditor's notes specifies Gulf Power's contractor for tree trimming services, the dates of the contract, and the total expenditure level for the contract. Gulf Power has not claimed confidentiality for the total annual tree trimming expenditure data provided in staff's report, but seeks to protect the individual contracted rates for specific contractors and contracts. Staff believes this request is reasonable and should be allowed pursuant to F.S. section 366.093(3)(d).
Work papers Page 4, lines 8-27 and page 5, lines 1-8 of auditors handwritten notes titled "Responses to Audits & Recs."	Pursuant to F.S. section 366.093(3)(b); summarizes the results of an internal compliance audit performed by Gulf Power of its Pensacola District.	This request seeks to redact auditor summary notes for a compliance audit performed by Southern Company auditors. This data is considered as proprietary business information regarding internal auditing controls and reports of internal auditors. Pursuant to F.S. section 366.093(3)(b), staff believes this request is reasonable and should be allowed.
Document Summary and Control Log, page 15, column B	Pursuant to F.S. section 366.093(3)(e); summarizes the documents produced in response to DR-1.30a ; competitively sensitive proprietary business information	The data included in Column B, lines 5-19 of the document log summary for DR-1.30a contains detailed distribution and transmission transformer information. Gulf's transformer

<p>lines 5-19 for documents produced in response to DR-1</p>	<p>which would cause Gulf Power Company's competitive business interests irreparable harm if disclosed; would provide Gulf's competitors access to the Company's internal procedures and specifications and allow competitors to optimize their own systems at Gulf Power's expense.</p>	<p>loading and estimating software used in calculating transformer loading requirements is also described. Gulf Power considers this data to be competitively sensitive and proprietary in nature. Staff believes that Gulf Power's request is reasonable and pursuant to F.S. 366.093(3)(e) believes this request should be granted.</p>
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