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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Fuel and purchased power cost recovery clause with generating performance incentive factor

COMMISSION CLERK
Docket No. 060001-EI

Dated: November 6, 2006

**AFFIDAVIT OF JOSEPH F. McCALLISTER IN SUPPORT OF
PROGRESS ENERGY FLORIDA'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF WAKE

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

1. My name is Joseph F. McCallister. 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 Request for Confidential Classification. The facts attested to in my affidavit are based upon my personal knowledge.

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2. I am the Director of Gas and Oil Trading in the Regulated Fuels Department. This section is responsible for natural gas and fuel oil acquisition for both PEF and Progress Energy Carolinas ("PEC") systems.

3. As the Director of Gas and Oil Trading, I am responsible, along with the other members of the section, for the management of the gas and oil procurement,

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transportation, hedging activities and administration of gas and oil contracts with various suppliers for PEF's and PEC's electrical power generation facilities.

4. PEF is seeking confidential classification for portions of its responses to PCS – White Springs First Request for Production of Documents (Nos. 1-2). A detailed description of the confidential information at issue is contained in confidential Exhibit A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Exhibit C. PEF is requesting confidential classification of this information because it contains proprietary confidential business information of PEF.

5. PEF negotiates with potential fuel suppliers to obtain competitive hedging pricing for fuel that provides economic value to PEF and its ratepayers. In order to obtain such contracts, however, PEF must be able to assure fuel suppliers that sensitive business information, such as hedging terms, volumes and prices, will be kept confidential. With respect to the information at issue in this Request, PEF has kept confidential and has not publicly disclosed confidential company information such as hedging terms, volumes and prices. Absent such measures, PEF and potential fuel suppliers would run the risk that sensitive business information would be made available to the public and, as a result, end up in possession of potential competitors. Faced with that risk, persons or companies who otherwise would contract with PEF might decide not to do so if PEF did not keep those terms of their contracts confidential. Without PEF's measures to maintain the confidentiality of sensitive terms in contracts between PEF and fuel suppliers, the Company's efforts to obtain competitive hedging contracts could be undermined.

6. Additionally, the disclosure of confidential information in PEF's fuel hedging contracts and strategies could adversely impact PEF's competitive business interests. If such information was disclosed to PEF's competitors, PEF's efforts to obtain competitive hedging contracts that provide economic value to both PEF and its ratepayers could be compromised by PEF's competitors changing their behavior within the relevant markets.

7. Upon receipt of confidential information from fuel suppliers, and with its own confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the documents and information provided, including restricting access to those persons who need the information to assist the Company, and restricting the number of, and access to the information and contracts. At no time since receiving the contracts and information in question has the Company publicly disclosed that information or contracts. The Company has treated and continues to treat the information and contracts at issue as confidential.

8. This concludes my affidavit.

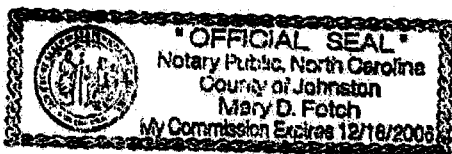
Further affiant sayeth not.

Dated the 2nd day of November, 2006.

[Handwritten Signature]

(Signature)
Joseph F. McCallister
Director - Gas and Oil Trading
Regulated Fuels Department
Progress Energy Carolinas
Post Office Box 1551
Raleigh, NC. 27602

2nd THE FOREGOING INSTRUMENT was sworn to and subscribed before me this day of November, 2006 by Joseph F. McCallister. He is personally known to me, or has produced his _____ driver's license, or his _____ as identification.



(AFFIX NOTARIAL SEAL)

[Handwritten Signature]
(Signature)
Mary D. Fatch
(Printed Name)
NOTARY PUBLIC, STATE OF NC
December 16, 2008
(Commission Expiration Date)

(Serial Number, If Any)