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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION  
CLERK

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

Docket No. 070001-EI

Dated: October 25, 2007

**AFFIDAVIT OF JOSEPH 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 McCallister, who being first duly sworn, on oath deposes and  
says that:

1. My name is Joseph 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

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR   |
- GCL   |
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

based upon my personal knowledge.

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 of responses to Staff's Fourth Set of Interrogatories (Nos. 27-40) submitted on October 25, 2007. 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 sensitive business information, the disclosure of which would impair the Company's efforts to contract for goods or services on favorable terms.

5. PEF negotiates with potential fuel suppliers to obtain competitive oil and gas price options that provide economic value to PEF and its ratepayers. In order to obtain such pricing, however, PEF must be able to assure fuel suppliers that sensitive business information, such as transportation costs, will be kept confidential. With respect to the information at issue in this Request, PEF has kept confidential and has not publicly disclosed confidential transportation costs. Absent such measures, suppliers would run the risk that sensitive business information that they provide to PEF 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 the pricing terms confidential. Without PEF's measures to maintain the confidentiality of sensitive terms between PEF and fuel suppliers, the Company's efforts to obtain competitive transportation costs could be undermined.

6. Additionally, the disclosure of confidential information in PEF's fuel supply options, could adversely impact PEF's competitive business interests. If such information was disclosed to PEF's competitors, PEF's efforts to obtain competitive fuel supply options that provide economic value to both PEF and its ratepayers could be compromised by PEF's competitors changing their consumption or purchasing 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. At no time since receiving the information in question has the Company publicly disclosed that information. The Company has treated and continues to treat the information at issue as confidential.

8. This concludes my affidavit.

Further affiant sayeth not.

