

State of Florida



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Public Service Commission

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COMMISSION
CLERK

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

DATE: August 7, 2008

TO: Rosanne Gervasi, Senior Attorney, Office of the General Counsel

FROM: William F. Costen, Operations Review Specialist, Division of Regulatory Compliance *WFC*

RE: 080437-EI - Request for confidential classification of portions of staff's workpapers on *Review of Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities* by Progress Energy Florida.
Documents: 05531-08 & 05532-08

Attached is a June 26, 2008 request (documents 05531-08 & 05532-08) from Progress Energy Florida counsel, John Burnett. This document includes the company's request for Specified Confidential Classification on portions of staff's workpapers on the *Review of Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities*. The company cites §366.0963(3)(d) and §366.0963(3)(e), F.S.—which address contractual data and competitive interests, respectively—as the basis for the request.

Staff has reviewed this request and believes that the specified information is covered by §366.0963(3)(d) and (3)(e), F.S. Staff recommends the approval of Progress Energy Florida's Request for Confidential Classification on portions of staff's workpapers on the *Review of Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities*.

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- ECR _____
- GCL _____
- OPC _____
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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

080437

In re: Fuel Procurement Hedging Practices
of Florida's Investor-Owned Utilities.

Docket No. 080000-EX

Dated: June 26, 2008

RECEIVED-FPSC
08 JUN 26 PM 3:21
COMMISSION
CLERK

**PROGRESS ENERGY FLORIDA INC.'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Progress Energy Florida, Inc., ("PEF" or "Company"), pursuant to Section 366.093, Florida Statutes (F.S.), and Rule 25-22.006, Florida Administrative Code (F.A.C.), submits this Request for Confidential Classification for certain information contained in Staff's audit work papers and data request responses pertaining to the Fuel Procurement Hedging Practices of Florida's Investor-Owned Utilities. In support of this Request, PEF states:

1. The Staff audit work papers and data request responses at issue contain "proprietary business information" under Section 366.093(3), Florida Statutes.

2. The following exhibits are included with this request:

(a) Sealed Composite Exhibit A is a package containing an unredacted copy of all the audit work papers and data request responses for which PEF seeks confidential treatment.

Composite Exhibit A is being submitted separately in a sealed envelope labeled "CONFIDENTIAL."

In the unredacted version, the information asserted to be confidential is highlighted by yellow marker.

(b) Composite Exhibit B is a package containing two copies of redacted versions of the documents for which the Company requests confidential classification. The specific

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05531 JUN 26 08

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information for which confidential treatment is requested has been blocked out by opaque marker or other means.

(c) Exhibit C is a table which identifies by page and line the information for which PEF seeks confidential classification and the specific statutory bases for seeking confidential treatment.

3. As indicated in Exhibit C, the information for which PEF requests confidential classification is "proprietary confidential business information" within the meaning of Section 366.093(3), F.S. Specifically, the audit work papers and data request responses contain information that relates to sensitive business information, such as internal hedging practices and procedures, hedging volumes and transactions, risk assessment of financial counterparties, hedging forecasts, percentages, credit limits, credit ratings, internal audit findings and pricing information, the disclosure of which would impair the efforts of the Company to negotiate fuel supply contracts and fuel hedges on favorable terms. *See* § 366.093(3)(d), F.S.; Affidavit of Joseph McCallister at ¶ 5. Furthermore, the information at issue relates to the competitive interests of PEF, the disclosure of which would impair PEF's competitive business. *Id.* § 366.093(3)(e); Affidavit of Joseph McCallister at ¶ 6. Accordingly, such information constitutes "proprietary confidential business information" which is exempt from disclosure under the Public Records Act pursuant to Section 366.093(1), F.S.

4. The information identified as Exhibit "A" is intended to be and is treated as confidential by the Company. *See* Affidavit of Joseph McCallister at ¶ 7. The information contained in the audit work papers and data request responses has not been disclosed to the public, and the Company has treated and continues to treat the information at issue as confidential. *See* Affidavit of Joseph McCallister at ¶ 7.

5. PEF requests that the information identified in Exhibit A be classified as "proprietary confidential business information" within the meaning of section 366.093(3), F.S., that the information remain confidential for a period of at least 18 months as provided in section 366.093(4) F.S., and that the information be returned as soon as it is no longer necessary for the Commission to conduct its business.

WHEREFORE, for the foregoing reasons, PEF respectfully requests that this Request for Confidential Classification be granted.

RESPECTFULLY SUBMITTED this 26th day of June, 2008.

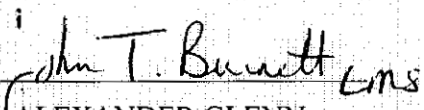

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Attorneys for
PROGRESS ENERGY FLORIDA, INC.

Exhibit A

(audit work papers)

“CONFIDENTIAL”

*(Note: Confidential Data Request responses to be provided by
FPSC Audit Staff)*

undktd

080437

Exhibit B

REDACTED

CMP 1
CCM _____
CMA _____
CMB _____
CML _____
CPC _____
PCA _____
SCR _____
SGA _____
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OTH _____

DOCUMENT NUMBER-DATE

05533 JUN 26 88

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**Bureau of Performance Analysis
Document Summary and Control Log**

Company: PEF	Workload Control #: PA-07-11-007
Area: Hedging	File Name: PEFDR1summ.com
Auditor(s): Coston, Hallenstein	

Document # 1: Date Requested: Date Received: 1/8/08 Comments: (i.e., Confidential)	Document Title and Purpose of Review: Please provide a current organizational chart depicting company work units, job positions and names of personnel responsible for both conducting and oversight of the utility's fuel procurement and fuel hedging programs.
	Summary of Contents: Company provided an organization chart as Attachment A in response to staff's document request.
	<ul style="list-style-type: none"> ▪ Progress Energy Florida's Regulated Fuels Department is responsible for fuel hedging. ▪ Regulated Fuels Department headed by the Executive Director-Regulated Fuels (Alexander Weintraub) ▪ Three primary sections w/in Department: <ol style="list-style-type: none"> 1) Coal 2) Gas and Oil 3) Fuel Forecasting and Regulatory Support ▪ Ed McCluskey, Dale Williams, and Rick Rhodes under the Director of Gas and Oil (Joseph McCallister) are responsible for executing fuel oil and natural gas hedging. ▪ Enterprise Risk Management Group is responsible for conducting independent oversight of the fuel procurement and fuel hedging programs. ▪ Enterprise Risk Management Group has two primary oversight sections: <ol style="list-style-type: none"> 1) Corporate Credit (Gary Bechard) 2) Risk Analytics and Reporting (Ashley Perry)
	Conclusions:
	Data Request(s) Generated: No. _____ Description: No. _____ Description:
Follow-up Required: Where are each of the departments identified in (2) above located?	

DOCUMENT NUMBER DATE
 05533 JUN 26 08
 FPSC-COMMISSION CLERK

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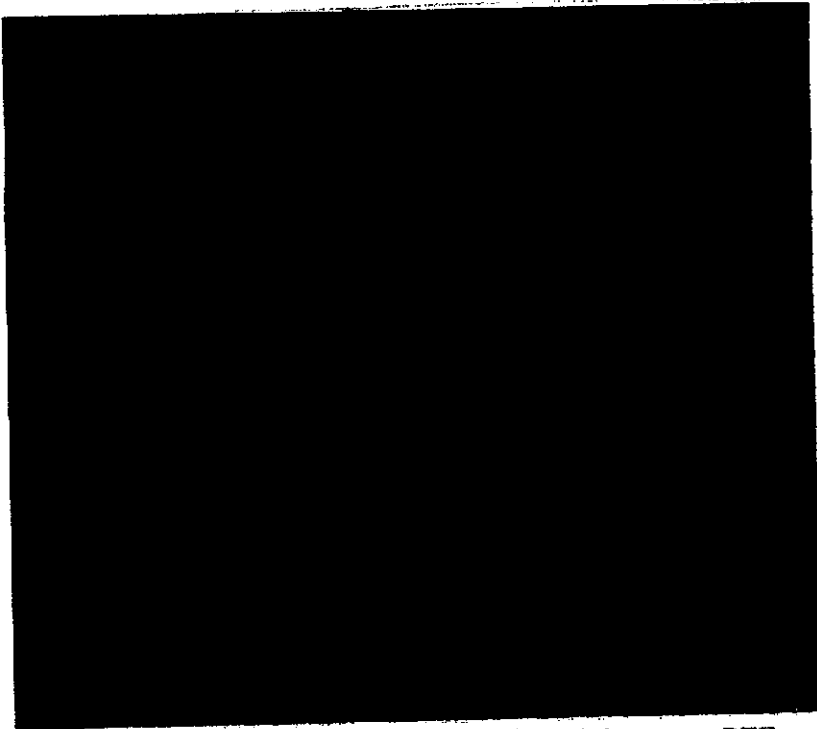
b. Please provide a copy of any management responses to these audits.

Summary of Contents:

PEF provided a listing of 19 internal audits:

REDACTED

- 1
- 2
- 3
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PEF stated that no external audits were conducted; however, PEF provided a listing of 3 external "studies"

- 20 ■
- 21
- 22 ■
- 23 ■



Conclusions:

PEF provided Audit summary reports. Detailed audit reports would have to be requested.

- 1 FAS 133 Compliance audit completed in December 2006 provides an overview and observations to gain an
- 2 understanding of derivative accounting.

	<p>Data Request(s) Generated: No. _____ Description: No. _____ Description:</p> <p>Follow-up Required: Would like to see detailed audit reports for the following audits:</p> <p>1 [REDACTED] 2 [REDACTED] 3 [REDACTED]</p> <p style="text-align: right;">CONFIDENTIAL</p>
<p>Document # 8: Date Requested: Date Received: 1/8/08 Comments: (i.e., Confidential)</p> <p>CONFIDENTIAL</p>	<p>Document Title and Purpose of Review: Please provide a copy of the company's policies and procedures for the fuel procurement hedging program.</p> <p>Summary of Contents: PEF provided the following Procedures:</p> <ul style="list-style-type: none"> ▪ PEF Regulated Commercial Operations and Regulated Fuels Risk Management Guidelines ▪ PEF Regulated Commercial Operations and Regulated Fuels Credit Risk Management Guidelines ▪ RCO/RFD Trader Authorization Procedure ▪ RFD-PEF Short-Term Gas Procurement Process ▪ RFD PEF Natural Gas Trade Ticket Process ▪ PEF Short-Term Transportation Capacity Process ▪ RFD-PEF Term Gas Supply and Transportation Policy ▪ RFD-PEF Long-Term Gas Supply Process ▪ RFD-PEF Short-Term Gas RFP Process ▪ RFD-PEF Long-Term Oil Procurement & RFP Process ▪ RFD-Short Term PEF Oil Procurement Process ▪ RFD No. 2 & 6 Fuel Oil Hedging Trade Ticket Process ▪ RFD Zai*Net Oil Deal Entry Process ▪ Coal Procurement Procedure <p>Conclusions:</p> <p>Data Request(s) Generated: No. _____ Description: No. _____ Description:</p> <p>Follow-up Required:</p>
<p>Document # 9 : Date Requested: Date Received: 1/8/08</p>	<p>Document Title and Purpose of Review: a. Please describe how the company evaluates and selects the third-party companies for its financial hedging transaction?</p>

**Bureau of Performance Analysis
Document Summary and Control Log**

Company: PEF
 Area: Hedging
 Auditor(s): Coston, Hallenstein

Workload Control #: PA-07-11-007
 File Name: PEFDR2summ.com

Document # 1:
 Date Requested:
 Date Received:
 Comments: (i.e., Confidential)

Document Title and Purpose of Review:

For each year 2003 through 2007, please provide:

- A. The percent of physical natural gas purchased using long-term, month to month, and daily transactions.
- B. The percent of physical oil purchased using long-term, month to month, and daily transactions.

Summary of Contents:

GAS	OIL
2003: 72.2 / 22.7 / 5.1 (long-term/monthly/daily)	98. / 0 / 2.0
2004: 72.9 / 25.2 / 1.9	96. / 0 / 4.0
2005: 81.4 / 15.3 / 3.3	91. / 0 / 9.0
2006: 90.6 / 6.4 / 3.1	91. / 0 / 9.0
2007: 90.5 / 6.4 / 3.1	94. / 0 / 6.0

Conclusions:

Data Request(s) Generated:

No. _____ Description:
 No. _____ Description:

Follow-up Required:

Where are each of the departments identified in (2) above located?

Document # 2 :
 Date Requested:
 Date Received:
 Comments: (i.e., Confidential)

CONFIDENTIAL

Document Title and Purpose of Review:

For each year 2003 through 2007, please provide:

- A. The annual natural gas forecast totals (Mmbtu) used to estimate the annual volume of natural gas to be hedged (prior to burn).
- B. The annual oil (#2 & #6) forecast totals used to estimate the annual volume of oil to be hedged.

Summary of Contents:

	<p>Forecast burns:</p> <p>Gas</p> <table border="0"> <tr><td>2003:</td><td>39,452,434</td><td></td><td></td><td>54,794,309</td></tr> <tr><td>2004:</td><td>56,275,591</td><td></td><td></td><td>64,978,769</td></tr> <tr><td>2005:</td><td>76,091,431</td><td></td><td></td><td>70,972,264</td></tr> <tr><td>2006:</td><td>73,117,604</td><td></td><td></td><td>78,269,036</td></tr> <tr><td>2007:</td><td>85,824,325</td><td></td><td></td><td>99,452,400</td></tr> </table> <p>OIL #6 #2</p> <table border="0"> <tr><td>2003:</td><td>8,326,227</td><td>912,655</td><td></td><td>10,161,488</td><td>0</td></tr> <tr><td>2004:</td><td>10,185,762</td><td>719,655</td><td></td><td>10,819,468</td><td>0</td></tr> <tr><td>2005:</td><td>11,752,012</td><td>477,922</td><td></td><td>10,324,044</td><td>0</td></tr> <tr><td>2006:</td><td>9,410,288</td><td>902,890</td><td></td><td>7,353,386</td><td>710,100</td></tr> <tr><td>2007:</td><td>8,600,625</td><td>1,240,815</td><td></td><td>7,381,900</td><td>698,300</td></tr> </table> <p>Conclusions:</p> <p>Data Request(s) Generated:</p> <p>No. _____ Description:</p> <p>No. _____ Description:</p> <p>Follow-up Required:</p>	2003:	39,452,434			54,794,309	2004:	56,275,591			64,978,769	2005:	76,091,431			70,972,264	2006:	73,117,604			78,269,036	2007:	85,824,325			99,452,400	2003:	8,326,227	912,655		10,161,488	0	2004:	10,185,762	719,655		10,819,468	0	2005:	11,752,012	477,922		10,324,044	0	2006:	9,410,288	902,890		7,353,386	710,100	2007:	8,600,625	1,240,815		7,381,900	698,300
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2007:	8,600,625	1,240,815		7,381,900	698,300																																																			
<p>Document # 3: Date Requested Date Received: Comments: (i.e., Confidential)</p> <p>CONFIDENTIAL</p>	<p>Document Title and Purpose of Review: For each year 2003 through 2007, please provide:</p> <p>A. The annual percentage of hedge transactions in relation to the annual natural gas forecast projections (Mmbtu, prior to actual burn).</p> <p>B. The annual percentage of hedge transactions in relation to the annual fuel oil forecast projections (#2 and #6, prior to actual burn).</p> <p>C. The combined annual percentage of hedge transactions in relation to the total fuel forecast projections (both natural gas and oil).</p> <p>Summary of Contents:</p> <table border="0"> <tr> <td>Hedging vs. Forecast burns:</td> <td>Hedging vs. Actual burns:</td> </tr> <tr> <td>Gas</td> <td></td> </tr> <tr> <td>2003: [REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>2004: [REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>2005: [REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>2006: [REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>2007: [REDACTED]</td> <td>[REDACTED]</td> </tr> </table> <p style="text-align: right;">CONFIDENTIAL</p>	Hedging vs. Forecast burns:	Hedging vs. Actual burns:	Gas		2003: [REDACTED]	[REDACTED]	2004: [REDACTED]	[REDACTED]	2005: [REDACTED]	[REDACTED]	2006: [REDACTED]	[REDACTED]	2007: [REDACTED]	[REDACTED]																																									
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2005: [REDACTED]	[REDACTED]																																																							
2006: [REDACTED]	[REDACTED]																																																							
2007: [REDACTED]	[REDACTED]																																																							

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OIL (# 6 / # 2)

2003: [redacted] / [redacted]
2004: [redacted] / [redacted]
2005: [redacted] / [redacted]
2006: [redacted] / [redacted]
2007: [redacted] / [redacted]

[redacted] / [redacted]

Conclusions:

Data Request(s) Generated:

No. _____ Description:
No. _____ Description:

Follow-up Required:

Document # 4:
Date Requested:
Date Received:
Comments: (i.e., Confidential)

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Document Title and Purpose of Review:

For each financial counterparty, please provide a listing of the counterparty's credit rating and the internal trading limits and thresholds set by PEF.

Summary of Contents:

24 counterparties listed, each with its Moody's, S&P, and internal Progress credit rating. Progress provided the credit threshold for each. These thresholds range from [redacted]

Conclusions:

Data Request(s) Generated:

No. _____ Description:
No. _____ Description:

Follow-up Required:

Document # 5:
Date Requested:
Date Received:
Comments: (i.e., Confidential)

Document Title and Purpose of Review:

For each year 2003 through 2007, please provide the annual percentage breakdown of hedging transactions by instrument type: swaps, collars, puts, calls.

Example: 2007: 60% swaps 30% option calls 10% collars

Summary of Contents:

Gas:

2007: 455 70% Swaps; 1% collars; 3% Puts; 27% physical
2006: 237 23% Swaps; 0% collars; 4% Puts, 73% physical
2003-2005: 77,152,188--100% physical

Oil 6:

	<p>2006: 25 transactions—100%A 2003-2005 0 transactions</p> <p>Conclusions:</p> <p>Data Request(s) Generated: No. _____ Description: No. _____ Description:</p> <p>Follow-up Required:</p>
<p>Document # 7: Date Requested: Date Received: Comments: (i.e., Confidential)</p> <p>CONFIDENTIAL</p>	<p>Document Title and Purpose of Review: For each year 2003 through 2007, please provide the percent of the fuel hedged in relation to the total fuel burn for each month (please provide a separate chart for both natural gas and oil.)</p> <p>Summary of Contents: Chart provided</p> <p>Yearly Averages for</p> <p>Gas;</p> <p>2007: [REDACTED] 2006: [REDACTED] 2005: [REDACTED] 2004: [REDACTED] 2003: [REDACTED]</p> <p>Oil 6</p> <p>2007: [REDACTED] 2006: [REDACTED] 2005: [REDACTED] 2004: [REDACTED] 2003: [REDACTED]</p> <p>Oil 2</p> <p>2007: [REDACTED] 2006: [REDACTED] 2003 -2005: [REDACTED]</p> <p>B</p> <p>Conclusions:</p> <p>Data Request(s) Generated:</p>

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	No. _____ Description: No. _____ Description: Follow-up Required:
Document # 8: Date Requested: Date Received: Comments: (i.e., Confidential) CONFIDENTIAL	Document Title and Purpose of Review: For each year 2003 through 2007, please provide the number of put options initiated by PEF and the amount of premiums collected by the company, the initiation price, and the final settlement price. Summary of Contents: Provided listing of each transactions that included premiums: Summary: 2007 -- [REDACTED] 2006 -- [REDACTED] 2005 -- [REDACTED] 2003-2004 -- [REDACTED]
	Conclusions:
	Data Request(s) Generated: No. _____ Description: No. _____ Description:
	Follow-up Required:
Document # 9 : Date Requested: Date Received: Comments: (i.e., Confidential)	Document Title and Purpose of Review: Please describe how PEF accounts for option premiums within its annual FPSC Fuel Cost Recovery filing. Summary of Contents: For gas option premiums, PEF amortizes on a monthly basis over the period. PEF includes the monthly gas options premium amortization as either an credit to fuel expenses when a premium is collected or a debit to fuel expenses when paid. Conclusions:
	Data Request(s) Generated:
	Follow-up Required:
Document # 10: Date Requested: Date Received: Comments: (i.e., Confidential)	Document Title and Purpose of Review: A. Please provide a listing of all indices (e.g. NYMEX, Gas Daily, FGT Zone 3) that the company uses to initiate and settle a financial hedge. B. For each year 2003 through 2007, please provide an annual breakdown of the number of financial transactions settled against each index referenced in 10A. Summary of Contents: Gas:

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Bureau of Regulatory Review Workplan
Fuel Hedging Programs of Florida's Investor Owned Electric Utilities

Ref No.	Audit Areas	Audit Task/Questions	Audit Notes	Finding
		<p>associated with each type of instrument. See Order No. PSC-02-1484 for data reporting requirements.</p>	<p>contracts, put options, and collar options. In 2006 and more so in 2007, PEF initiated a significant number of financial swaps. In 2007, 70 percent of PEF's hedging portfolio consisted of financial swaps. The increased use of financial swaps indicates the difficulty of negotiating fixed price physical contracts.</p> <p>Options made up for less than 10 percent of PEF's hedging portfolio in 2006 and 2007. PEF reported [REDACTED] in collected premiums associated with the selling of put options and [REDACTED] in premiums paid for calls under a collar arrangement. In sum, PEF netted a gain of [REDACTED] in option premiums.</p> <p>For fuel oil, PEF's hedging of No. 6 fuel oil primarily consisted of financial swaps over the past four years, with a combination of swaps and a limited number of options in 2007. Prior to the use of financial swaps in 2004, PEF used physical hedge contracts for its No. 6 oil.</p>	<p align="center">CONFIDENTIAL</p> <p>1 2 3 4</p>

**Bureau of Performance Analysis
Interview Summary**

Company: Progress Energy Florida Area: Fuel Hedging Auditor(s): Coston, Hallenstein	Interview Number: One File Name: PEFinterviewsumm.doc
Name: Joe McCallister – Director of Gas and Oil Trading Ed McCluskey – Gas Trader (Front Office) Lori Cross – Manager Regulatory Planning Lisa Stright – Regulatory Analyst John Burnett – Assistant General Counsel On Phone: Gary Meza – Manager Risk Management (Middle Office) Jack King- Accountant (Back Office)	Date of Interview: 3/11/2008 Location: PSC Office Telephone Number:

(1) Purpose of Interview:

(2) Interview Summary:

Fuel Procurement Philosophy (Joe McCallister):

- Fuel Sources: Gas, Oil, Coal, and Nuclear
- Nuclear is handled by separate operations
- Goal is to buy most competitive priced fuel
- Layered-in approach—mix of long-term and short-term purchases.
- Hedging:
 - Coal-fixed price physical hedge
 - Gas and oil-applicable market index
 - Multi-year hedging program (hedge more than one year out)
 - locking in higher percentages of hedges in short-term and lower percentages in long-term.
 - GenTrader for fuel forecasting and outage impacts.
 - S/T fuel forecasts updated regularly by group w/in Regulated Fuels Department.
 - L/T Fuel needs (procurement targets, negotiate term gas) is done by System Planning Group.
- Fuel Mix (generation output):
 - Nuclear 15-20%
 - Coal 30-40%
 - Gas/Oil 30-40% (Gas is majority, oil \$400 mill, gas \$900 mill)
- Wholesale Purchased Approx. 20%

Organization Structure:

- Regulated Fuels – Executive Director is Alex Weintraub. Reports to Sr. V.P. of Progress Energy Corporate, who in turn, reports to Corporate CEO.
 - Joe McCallister is Director of Gas and Oil Trading (procurement)
 - Ed McCluskey – Gas Trader, responsible for Florida procurement.
- Employee of Energy Progress Energy Carolina. Handles fuel supplies as they get close to delivery.
 - Joe's group does not handle non-regulated fuel transactions
 - Regulated Fuel has gas and oil procurement targets, most on term contracts (some multi-year).
 - PEF considers term anything not being bought in current month

-Risk Management – Part of Progress Energy Corporate. Reports to Treasurer and Risk Officer. Within progress energy services company.

Hedging:

- Ed McCluskey responsible for Florida gas supply hedges.
- Dale Williams responsible for Florida #6 oil supply hedging.
- Rick Rhodes responsible for Florida #2 oil supply hedging.

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Strategy:

- Ed use some counterparties unique to Florida.
- Management Approval: Recommendations made to Risk Management Team (Risk Management Subcommittee under Risk Management Committee up to CEO approval)
- Risk Management Committee – 6 senior levels of management.

Layering of Hedges:

- Layer hedges over time with greater percentage of hedges being done in short-term. Do not hedge out quite as far for fuel oil (less liquid)
- Late Nov/Dec Risk Management Subcommittee approves strategy plan for upcoming year.
- Hedges are initiated throughout the entire year.
- All hedges are with counterparties.

Gas % Hedge against Actual Burn*	
2002	[REDACTED]
2003	[REDACTED]
2004	[REDACTED]
2005	[REDACTED]
2006	[REDACTED]
2007	[REDACTED]
2008 (projected)	[REDACTED]

*Includes physical and financial hedges

#6 Oil % Hedge against Actual Burn*	
2002	[REDACTED]
2003	[REDACTED]
2004	[REDACTED]
2005	[REDACTED]
2006	[REDACTED]
2007	[REDACTED]
2008 (projected)	[REDACTED]

* Includes physical and financial hedges

#2 Oil % Hedge against Actual Burn*	
2002	[REDACTED]
2003	[REDACTED]
2004	[REDACTED]
2005	[REDACTED]
2006	[REDACTED]
2007	[REDACTED]
2008 (projected)	[REDACTED]

• Includes physical and financial hedges

Chart titled "Percent of Natural Gas Hedged to Forecasted
and Actual Burn" (2003-2007)

REDACTED

Staff Audit Work Papers -
Fuel Procurement Hedging Activities of
Florida's IOU's

Chart titled "Percent of No.6 and No.2 Oil Hedged to
Forecasted and Actual Burn" (2003-2007)

REDACTED

Staff Audit Work Papers -
Fuel Procurement Hedging Activities of
Florida's IOU's

Chart titled "Monthly Average Price of Natural Gas
Purchases" (2003-2007)

REDACTED

Staff Audit Work Papers -
Fuel Procurement Hedging Activities of
Florida's IOU's

Chart titled "Monthly Average Price of No.6 Fuel Oil"
(2003-2007)

REDACTED

Staff Audit Work Papers -
Fuel Procurement Hedging Activities of
Florida's IOU's

Chart titled "Monthly Average Price of No.2 Fuel Oil"
(2003-2007)

REDACTED

Staff Audit Work Papers -
Fuel Procurement Hedging Activities of
Florida's IOU's

**PROGRESS ENERGY FLORIDA
Confidentiality Justification Matrix**

DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
<p>Audit Work Papers related to Fuel Procurement Hedging Practices of Florida's Investor-Owned Utilities</p>		<p>§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms.</p>
<p>***** PSC Document Summary & Control Log (DR1)</p>	<p>Page 7 (Q.7) – Summary of Contents: Lines 1-23. Page 7 (Q.7) – Conclusions: Lines 1-2. Page 8 (Q.7) – Follow-Up: Lines 1-3.</p>	<p>§366.093(3)(e), F.S. The document in question contains confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
<p>PSC Document Summary & Control Log (DR2)</p>	<p>Page 2 (Q.3) – Summary of Contents: percentages. Page 3 (Q.3) – Summary of Contents: percentages. Page 3 (Q.4) – Summary of Contents: threshold range. Page 5 (Q.7) – Summary of Contents: forecast/actual burn percentages. Page 6 (Q.8) – Summary of Contents: premiums.</p>	
<p>Bureau of Regulatory Review Workplan</p>	<p>Page 3 – Audit Notes: Lines 1-4.</p>	

<p><i>(Audit Work Papers cont.)</i></p> <p>Bureau of Regulatory Review Interview Summary</p> <p>Additional Audit Workpapers</p>	<p>Section (2) – Hedging: percentages in charts (2002-2008)</p> <p>Chart titled “<i>Percent of Natural Gas Hedged to Forecasted and Actual Burn</i>” (2003-2007)</p> <p>Chart titled “<i>Percent of No.6 and No.2 Oil Hedged to Forecasted and Actual Burn</i>” (2003-2007)</p> <p>Chart titled “<i>Monthly Average Price of Natural Gas Purchases</i>” (2003-2007)</p> <p>Chart titled “<i>Monthly Average Price of No.6 Fuel Oil</i>” (2003-2007)</p> <p>Chart titled “<i>Monthly Average Price of No.2 Fuel Oil</i>” (2003-2007)</p>	
<p>DOCUMENT/RESPONSES</p>	<p>PAGE/LINE</p>	<p>JUSTIFICATION</p>

PEF Response to DR-1	<p>Q.7a – Attachment B</p> <p>Q.7b – Attachment C</p> <p>Q.8 – Attachment D</p> <p>Q.9b – Financial hedging transactions chart</p> <p>Q.10b – Attachment E</p> <p>Q.12a – Attachment F</p> <p>Q.12b – Attachment G</p> <p>Q.13 – entire response (except 1st sentence).</p>	<p>§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), F.S. The document in question contains confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
PEF Response to DR-2	<p>Exhibit B: Figures in Columns C, D & F.</p> <p>Exhibit C: Columns A, B, E & F.</p> <p>Exhibit F: Pages 1 and 2 (entire document).</p> <p>Exhibit G: Pages 1 and 2; Columns A, B, F, G & H.</p> <p>Exhibit I: compact disc (CD)</p> <p>Exhibit J: Page 1 (entire document).</p> <p>Exhibit L: Page 1 (entire document).</p>	<p>§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), F.S. The document in question contains confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION

<p>PEF Response to DR-3</p>	<p>Attachment A – “Avg. monthly financial hedge prices for 2003-2007” (entire document).</p> <p>Attachment B - “Avg. monthly purchase prices for 2003-2007” (entire document)</p>	<p>§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF’s efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), F.S. The document in question contains confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
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ACKNOWLEDGEMENT

DATE: June 26, 2008

TO: John Burnett, Alexander Glenn, Progress Energy

FROM: Ruth Nettles, Office of Commission Clerk

RE: Acknowledgement of Receipt of Confidential Filing

This will acknowledge receipt of a **CONFIDENTIAL DOCUMENT** filed in Docket Number 080000 or, if filed in an undocketed matter, concerning certain information contained in staff's audit work papers and data request responses pertaining to Fuel Procurement Hedging Practices of Florida's Investor-Owned Utilities, and filed on behalf of Progress Energy. The document will be maintained in locked storage.

If you have any questions regarding this document, please contact Marguerite Lockard, Deputy Clerk, at (850) 413-6770.

DOCUMENT NUMBER - DATE
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