

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE:
PETITION FOR INCREASE IN RATES
BY PROGRESS ENERGY FLORIDA, INC.

Docket No. 090079-EI
Submitted for filing: July 21, 2009

**NOTICE OF FILING AFFIDAVIT OF MASCEO DESCHAMPS IN SUPPORT OF PEF'S
FIFTH REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Notice is hereby given, through the undersigned counsel, on behalf of Progress Energy Florida, Inc. of filing the Affidavit of MASCEO DESCHAMPS in support of Progress Energy Florida's Fifth Request for Confidential Classification.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served via electronic and U.S. Mail to the following counsel of record as indicated below on this 21st day of July, 2009.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by
Progress Energy Florida, Inc.

Docket No. 090079-EI

**AFFIDAVIT OF MASCEO S. DESCHAMPS IN SUPPORT OF
PROGRESS ENERGY FLORIDA'S
FIFTH REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF WAKE

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

1. My name is Masceo S. DesChamps. 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 Fifth Request for Confidential Classification ("the Request"). The facts attested to in my affidavit are based upon my personal knowledge.

2. I am the Director of Compensation and Benefits for Progress Energy Service Company, LLC. As the Director of Compensation and Benefits, I am responsible, among other things, for providing leadership in the planning, evaluation, design, implementation, and communication of all compensation and benefits plans for employees and retirees; and administer the executive and Board member plans. I direct the design and on-going evaluation of base, annual and long-term incentive compensation plans, merit and other salary increases, management of job evaluations, and benefits and salary surveys.

3. In its Request, PEF is seeking confidential classification for certain information contained in its responses to Staff's Tenth Set of Interrogatories. An unredacted version of the

information at issue is contained in confidential Appendix A to PEF's Request and the confidential portions thereof are outlined in PEF's Justification Matrix attached to the Request as Appendix C. PEF is requesting confidential classification of portions of these interrogatory responses because they contain proprietary confidential business information, the disclosure of which would compromise PEF's competitive business interests.

4. In response to Staff's Tenth Interrogatories, PEF has provided certain confidential and proprietary information ("Information"), such as the detailed compensation amounts, including salary, bonuses, and incentive compensation, that the Company pays to its executives, managers, and employees earning over \$200,000 per year. The Information is controlled by the Company, is treated by the Company as private, and has not been publicly disclosed, with the exception of the compensation disclosed in the Company's Proxy.

5. The Information is confidential and proprietary in that it could harm PEF's competitive business interests if disclosed to the public, or to other utilities or businesses with which PEF competes for qualified employees. I am not aware of any such competing companies that publicly disclose this type of compensation information. Public disclosure of the Information could provide firms both inside and outside Florida with which PEF is constantly competing for qualified employees a competitive advantage in acquiring and retaining such employees. This could lead to increased employee hiring and training costs resulting from increased employee turnover, or a need to increase compensation to prevent such turnover. This overall increase in hiring costs, training costs, compensation would adversely impact PEF's business operations, could adversely impact rates paid by PEF's ratepayers.

6. Public disclosure of the Information could give prospective employees an advantage in negotiating compensation packages, leading to increases in the overall amount of compensation paid to employees. This overall increase would adversely impact PEF's business operations, could adversely impact rates paid by PEF's ratepayers.

7. In addition, disclosure of the Information among PEF's current employees could be detrimental employee morale and to PEF's ability to retain key employees and maintain the efficient incentive pay system that the Company currently uses. If PEF's employees were to know what other employees in similar positions earn as their compensation, there would be an enormous impact to employee morale and productivity. To illustrate, assume there are two employees working in the same position. Both employees perform well in their jobs, but employee A is a better performer relative to employee B. Under PEF's compensation structure, employee A should earn more than employee B. If, however, employee B knew how much employee A earned, employee B may challenge why there is a discrepancy in pay as compared to employee A. This may lead to employee B demanding more compensation or leaving the Company to earn more money at a competitor. The Company would be forced to either accept the loss of employee B, which would result in higher costs due to recruiting and training of a replacement employee, or PEF would have to increase employee B's compensation. If the Company chose to increase employee B's compensation, then employee A, who is the better performer, would have less incentive to continue their productive performance because they know that they will likely be paid the same as other employees irrespective of their performance. Thus, the disclosure of this detailed compensation information within the Company would have a detrimental effect on PEF's current employees, resulting in increased employee turnover, increased recruitment and training costs, increased labor costs, and lower employee morale and productivity.

8. For all the reasons identified in paragraphs 5 to 7, disclosure of the Information could adversely affect the Company's business operations, its competitive business interests, and, ultimately, its ratepayers.

9. PEF has established and follows strict procedures to maintain the confidentiality of the Information. Such procedures include, but are not limited to, restricting access to the

Information to only those persons who require it to assist the Company. PEF has treated and continues to treat the Information contained in the schedules as confidential

10. This concludes my affidavit.

Dated this 21ST day of July, 2009

Masceo S. DesChamps

(Signature)

Masceo S. Deschamps

Director, Compensation and Benefits, Progress Energy
Service Company, LLC

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 21st day of July, 2009 by Masceo S. DesChamps. He is personally known to me, or has produced his _____ driver's license, or his _____ as identification.

Brianna Martin

(Signature)

Brianna Martin

(Printed Name)

(AFFIX NOTARIAL SEAL)

NOTARY PUBLIC, STATE OF NC

11/12/2012

(Commission Expiration Date)

(Serial Number, If Any)