

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 100001-EI

Dated: September 1, 2010

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**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 provided in Exhibit MO-2 to the projection testimony of PEF witness Marcia Olivier dated September 1, 2010, specifically Schedule E12-A – Calculation of Projected Capacity Costs, Part 3, Page 2 of 2. In support of this Request, PEF states:

1. Exhibit MO-2, Schedule E12-A – Calculation of Projected Capacity Costs, Part 3, Page 2 of 2 to the projection testimony of Marcia Olivier contains information that is "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 unredacted copies of all the documents for which PEF seeks confidential treatment. Composite Exhibit A is being submitted separately in a sealed envelope labeled "CONFIDENTIAL." In the unredacted versions, 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 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

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ADM  
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\_\_\_ CLAIM OF CONFIDENTIALITY  
\_\_\_ NOTICE OF INTENT  
X REQUEST FOR CONFIDENTIALITY  
\_\_\_ FILED BY OPC  
FOR DN 07377-10 + 07378-10, WHICH IS IN LOCKED STORAGE. YOU MUST BE AUTHORIZED TO VIEW THIS DN. - CLK

DOCUMENT NUMBER-DATE  
07376 SEP-1 2010  
FPSC-COMMISSION CLERK

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, in Exhibit MO-2 – Schedule E12-A, Part 3, Page 2 of 2, the highlighted information provides the number of megawatts for each purchase or sale. In combination with other non-confidential cost data provided in the exhibit, this information could be used to determine the capacity charges for each contract. Affidavit of Marcia Olivier at ¶ 5. Disclosure of this information would enable wholesale providers to determine the prices of their competitors, which could result in greater price convergence in future negotiations. Affidavit of Marcia Olivier at ¶ 5. Suppliers would no longer need to make their best offers to ensure the competitiveness of their prices against the disclosed prices. Affidavit of Marcia Olivier at ¶ 5. Instead, suppliers could simply offer the highest prices that would allow them to maintain a marginally competitive position against the disclosed prices. Affidavit of Marcia Olivier at ¶ 5. As such, disclosure of the information would impair the Company’s efforts to contract for goods or services on favorable terms. *See* § 366.093(3)(d), F.S.; Affidavit of Marcia Olivier at ¶ 5. Additionally, if the information at issue was disclosed to PEF’s competitors, PEF’s efforts to obtain competitive energy supply that provides 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. *Id.* § 366.093(3)(e); Affidavit of Marcia Olivier 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. In addition, specifically, on Pages 2 and 3 of the testimony of Joseph McCallister, the highlighted information provides forecasted hedging percentages. Affidavit of Joseph McCallister at ¶ 5. Disclosure of this information would enable fuel suppliers to have insight to PEF’s forecasted hedging percentages and to obtain competitive information, which could result in greater price convergence in future negotiations. Affidavit of Joseph McCallister at ¶ 5. Fuel suppliers would no longer need to make their best

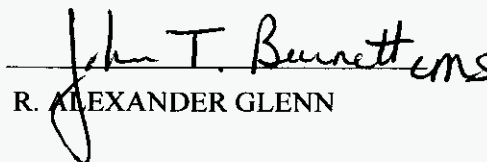
offers to ensure the competitiveness of their prices against the disclosed prices. Affidavit of Joseph McCallister at ¶ 5. Instead, fuel suppliers could simply offer the highest prices that would allow them to maintain a marginally competitive position against the disclosed forecasted percentages. Affidavit of Joseph McCallister at ¶ 5. As such, disclosure of the information would impair the Company's efforts to contract for goods or services on favorable terms. See § 366.093(3)(d), F.S.; Affidavit of Joseph McCallister at ¶ 5. Additionally, if the information at issue was disclosed, PEF's efforts to obtain competitive energy supply that provides economic value to both PEF and its ratepayers could be compromised by PEF's competitors changing their purchasing behavior within the relevant markets. *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.

5. The information identified as Exhibit A is intended to be and is treated as confidential by the Company. Affidavit of Marcia Olivier at ¶ 7. Affidavit of Joseph McCallister at ¶ 7. The information has not been disclosed to the public, and the Company has treated and continues to treat the information and contracts at issue as confidential. Affidavit of Marcia Olivier at ¶ 7. Affidavit of Joseph McCallister at ¶ 7.

6. 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 1<sup>st</sup> day of September, 2010.

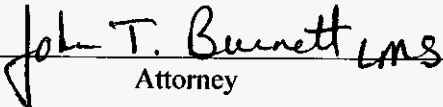
  
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Attorneys for  
PROGRESS ENERGY FLORIDA, INC.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by regular U.S. mail (\* via hand delivery) to the following this 1<sup>st</sup> day of September, 2010.

  
Attorney

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# Exhibit B

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DOCUMENT NUMBER DATE:

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Contract Data:

Name	Start Date	Expiration Date	Type	Purchase/Sale	MW	
1 Auburndale Power Partners, L.P. (AUBRDLFC)	Jan-95	Dec-13	QF	Purch	17.00	
2 Auburndale Power Partners, L.P. (AUBSET)	Aug-94	Dec-13	QF	Purch	114.18	
3 Lake County (LAKCOUNT)	Jan-85	Jun-14	QF	Purch	12.75	
4 Lake Cogen Limited (LAKORDER)	Jul-93	Jul-13	QF	Purch	110.00	
5 Metro-Dade County (METRDADE)	Nov-91	Nov-13	QF	Purch	43.00	
6 Orange Cogen (ORANGECO)	Jul-95	Dec-24	QF	Purch	74.00	
7 Orlando Cogen Limited (ORLACOGL)	Sep-93	Dec-23	QF	Purch	79.20	
8 Pasco County Resource Recovery (PASCOUNT)	Jan-95	Dec-24	QF	Purch	23.00	
9 Pinellas County Resource Recovery (PINCOUNT)	Jan-95	Dec-24	QF	Purch	54.75	
10 Polk Power Partners, L. P. (MULBERRY/ROYSTER)	Aug-94	Aug-24	QF	Purch	115.00	
11 Wheelabrator Ridge Energy, Inc. (RIDGEGEN)	Aug-94	Dec-23	QF	Purch	39.60	
12 TECO Power Purchase	Mar-93	Feb-11	Other	Purch	70.00	
13 Southern - Franklin	Jun-10	May-16	Other	Purch	350.00	
14 Schedule H Capacity - New Smyrna Beach	Nov-85	see note (1)	Other	Sale		1
15 Schedule H Capacity - Reedy Creek Improvement District	Sep-89	see note (2)	Other	Sale		2
16 Chattahoochee	Jan-03	Dec-17	Other	Purch		3
17 Vandolah (RR)	May-10	May-12	Other	Purch	see note (3)	4
18 Shady Hills Tolling Agreement	Apr-07	Apr-24	Other	Purch		5

(1) The New Smyrna Beach (NSB) Schedule H contract is in effect until cancelled by either Progress Energy Florida or NSB upon 1 year's written notice.

(2) The Reedy Creek Improvement District Schedule H contract is 5 years with 1 year renewal increments.

REDACTED



1 July 2010, and summarize PEF's economy purchase and sales savings for  
2 the period January 2010 through July 2010.

3 **Q. Are your sponsoring any exhibits to your testimony?**

4 A. Yes, I am sponsoring the following exhibits:

- 5 ● Exhibit No. \_\_\_\_ (JM-1P) – 2011 Risk Management Plan (*originally filed on*  
6 *August 2, 2010*); and
- 7 ● Exhibit No. \_\_\_\_ ( JM-2P) - Hedging Results for January 2010 through July  
8 2010 (*originally filed on August 16, 2010*).

9  
10 **Q. What are the objectives of PEF's hedging activities?**

11 A. The objectives of PEF's hedging activities are to reduce overall fuel price  
12 risk and volatility.

13  
14 **Q. Describe PEF's hedging activities for 2011.**

15 A. PEF continues to execute its hedging strategy for projected natural gas and  
16 fuel oil annual burns. PEF executes its hedging strategy by entering into  
17 fixed price transactions over time for a portion of its projected calendar year  
18 annual natural gas, heavy oil and light oil burns for future periods. With  
19 respect to natural gas, PEF target hedging percentage ranges are between  
20 [REDACTED] of its current 2011 forecasted calendar annual burns. The  
21 current expectation is for PEF to hedge at least [REDACTED] of its forecasted  
22 natural gas burn projections for 2011. Hedging at the lower end  
23 of the ranges will allow PEF to monitor actual fuel burns, updated fuel  
24 forecasts and make any adjustments if needed. With respect to heavy oil

1 and light oil, PEF will target to hedge at least [REDACTED] and [REDACTED], respectively,  
2 of the current forecasted annual heavy and light oil burns for 2011. With  
3 respect to coal river and rail transportation estimated fuel surcharges, for  
4 calendar year 2011, PEF will target to hedge between [REDACTED] to [REDACTED] of the  
5 estimated fuel surcharge exposure based on the contractual provisions in  
6 the coal rail and river barge transportation agreements.

7  
8 The volumes that are hedged over time are based on periodic forecasts and  
9 the resulting actual hedge percentages can vary from higher or lower than  
10 targeted hedge percentages based on deviations that occur between  
11 forecasted burns and actual burns that are driven by dynamic factors such  
12 as weather extremes and variations, actual power demand, unforeseen unit  
13 outages and changing fuel prices. The hedging program does not involve  
14 price speculation or trying to outguess the market. Hedging activities may  
15 not result in actual fuel costs savings; however, hedging does achieve the  
16 objective of reducing the impacts of fuel price risk and volatility for  
17 customers. As of August 16, 2010, for 2011 PEF has hedged approximately  
18 [REDACTED] of its forecasted natural gas burns, [REDACTED] of its forecasted heavy oil  
19 burns and [REDACTED] of its forecasted light oil burns. In addition, as of August 16,  
20 2010, for 2011 PEF has hedged approximately [REDACTED] and [REDACTED] its estimated  
21 fuel surcharge exposure based on the contractual provisions in the coal rail  
22 and river barge transportation agreements. PEF will continue to execute  
23 additional hedges for 2011 throughout the remainder of 2010 and during  
24 2011 consistent with its on-going strategy.

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Exhibit C

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**PROGRESS ENERGY FLORIDA**  
**Confidentiality Justification Matrix**

DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
Exhibit MO-2, Schedule E12-A: Calculation of Projected Capacity Costs	Part 3, Page 2 of 2 (Lines 1-5); purchased MW from New Smyrna Beach, Reedy Creek, Chattahoochee, Shady Hills, and Vandolah.	<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>
Testimony of Joseph McCallister	<p>Page 2, Lines 20 &amp; 21: forecasted hedging percentages.</p> <p>Page 3, Lines 1, 4, 18 - 20: forecasted hedging percentages.</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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State of Florida



## Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

John T. Burnett  
P.O. Box 14042  
St. Petersburg FL 33733

**Re: Acknowledgement of Confidential Filing in Docket No. 100001-EI**

This will acknowledge receipt by the Florida Public Service Commission, Office of Commission Clerk, of a CONFIDENTIAL DOCUMENT filed on September 1, 2010, in the above-referenced docket.

Document Numbers 07377-10 and 07378-10 has been assigned to this filing, which will be maintained in locked storage.

If you have any questions regarding this document, please contact Kim Peña, Records Management Assistant, at (850) 413-6393.