

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR POWER PLANT
COST RECOVERY CLAUSE

Docket No. 110009-EI
Submitted for Filing: July 1, 2011


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COMMISSION
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PROGRESS ENERGY FLORIDA, INC.'S NOTICE OF FILING

Progress Energy Florida, Inc. ("PEF" or the "Company"), hereby gives notice of filing of the Affidavit of John Elnitsky and the unverified affidavit of Jon Franke in support of Progress Energy Florida, Inc.'s Tenth Request for Confidential Classification Regarding Portions of the Review of Progress Energy Florida, Inc.'s Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects Audit Report No. PA-11-01-001.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic and U.S. Mail this 1st day of July, 2011.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 110009-EI
Submitting for filing: July 1, 2011

AFFIDAVIT OF JOHN ELNITSKY IN SUPPORT OF PROGRESS ENERGY FLORIDA, INC.'S TENTH REQUEST FOR CONFIDENTIAL CLASSIFICATION REGARDING PORTIONS OF THE REVIEW OF PROGRESS ENERGY FLORIDA, INC.'S PROJECT MANAGEMENT INTERNAL CONTROLS FOR NUCLEAR PLANT UPRATE AND CONSTRUCTION PROJECTS AUDIT REPORT NO. PA-11-01-001

STATE OF FLORIDA

COUNTY OF PINELLAS

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

1. My name is John Elnitsky. I am over the age of 18 years and I have been authorized by Progress Energy Florida, Inc. (hereinafter "PEF" or the "Company") to give this affidavit in the above-styled proceeding on PEF's behalf and in support of PEF's Tenth Request for Confidential Classification (the "Request"). The facts attested to in my affidavit are based upon my personal knowledge.

2. PEF is seeking confidential classification of portions of the Review of Progress Energy Florida, Inc.'s Project Management Internal Controls for Nuclear Plant Uprate and Construction Project Audit Report No. PA-11-01-001 (the "Audit Report"). A detailed description of the confidential information at issue is contained in confidential Attachment A to PEF's Request and is outlined in PEF's Justification Matrix that is attached to PEF's Request as Appendix C.

3. As Vice President of New Generation Programs and Projects, I am responsible for the licensing and construction of the Levy Nuclear Project (“LNP”), including the direct management of the Engineering, Procurement, and Construction Agreement (“EPC Agreement”) with Westinghouse and Shaw, Stone, & Webster (the “Consortium”).

4. The Company is requesting confidential classification of this information because it contains proprietary and confidential information received from third-party vendors under pursuant to contractual agreements with those vendors. Those agreements contain non-disclosure provisions that limit the use and forbid the dissemination of the information. The disclosure of this would impair the Company’s ability to contract on favorable terms, or at all, for such information. The Company requires this information for use in analyzing the continued feasibility of its projects and to aid its management in long-term planning. The Company and its customers would be harmed if PEF were not able to contract for the use of this information on favorable terms.

5. The disclosure of this information would compromise PEF’s competitive business interests and in certain instances violate contractual confidentiality provisions with PEF’s vendors under the Company’s EPC Agreement, as well as cost numbers and information relating to on-going negotiations with the Consortium and its vendors and decisions regarding disposition of items of Long Lead Equipment (“LLE”) for the LNP.

6. Certain portions of the Audit Report contains contractual descriptions, durations, quantities, obligations and pricing arrangements between PEF and providers of equipment and services required for the LNP would adversely impact PEF’s competitive business interests and impede on-going negotiations if disclosed to the public. The Company must be able to assure these vendors that sensitive business information, such as the pricing, payment and quantity terms of their contracts, will be kept confidential. Indeed, most of the contracts at issue contain confidentiality provisions that prohibit disclosure of contractual terms to third parties.

Specifically, the information at issue relates to competitively negotiated contractual data, such as quantity, pricing of goods and services and payments made and other contractual terms and obligations, the disclosure of which would impair the efforts of the Company to negotiate these contracts on favorable terms. If third parties were made aware of confidential contractual terms that the Company has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations. Without PEF's measures to maintain the confidentiality of sensitive terms in contracts between PEF and these nuclear contractors, the Company's efforts to obtain competitive contracts for the Project would be undermined.

7. PEF is requesting confidential classification of this information to avoid public disclosure that would violate the confidentiality agreements between PEF and other parties. PEF has kept confidential and has not publicly disclosed the proprietary contract terms and provisions at issue here. Absent such measures, PEF would run the risk that sensitive business information regarding what the Company is willing to pay for necessary equipment, goods, supplies and real property would be made available to the public and, as a result, other potential sellers of similar materials and services could change their position in their negotiations to the detriment of PEF. In addition, by the terms of these contracts, all parties thereto – including PEF – have agreed to protect proprietary and confidential information, which is defined to include the pricing provisions, from public disclosure.

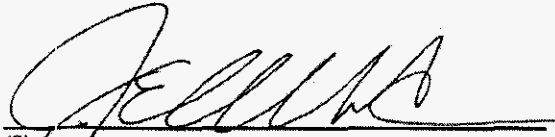
8. The Audit Report also includes information gleaned from the Company's internal audit procedures and reports, the release of which would harm PEF's ability to conduct internal audits. Public disclosure of the documents and information in question would compromise PEF's ability to effectively audit the Company's major projects. If the Company were to know that its internal auditing controls and process were subject to public disclosure, it would compromise the level of cooperation needed with auditors to efficiently conduct audits.

9. Upon receipt of all this confidential information, 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. At no time has the Company publicly disclosed the information at issue. The Company has treated and continues to treat the information at issue as confidential.

10. This concludes my affidavit.

Further affiant sayeth not.

Dated this 23 day of June 2011.



(Signature)

John Elnitsky, Vice President of New Generation Programs and Projects

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 23rd day of June, 2011 by John Elnitsky. He is personally known to me, or has produced his Florida driver's license, or his _____ as identification.



(Signature)

Carol P. Penny

(Printed Name)

NOTARY PUBLIC, STATE OF D. C.

Oct 20, 2013

(Commission Expiration Date)

(Serial Number, If Any)

(AFFIX NOTARIAL SEAL)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 110009-EI
Submitted for Filing: July 1, 2011

**AFFIDAVIT OF JON FRANKE IN SUPPORT OF PROGRESS ENERGY FLORIDA, INC.'S
TENTH REQUEST FOR CONFIDENTIAL CLASSIFICATION REGARDING PORTIONS
OF THE REVIEW OF PROGRESS ENERGY FLORIDA, INC.'S PROJECT MANAGEMENT
INTERNAL CONTROLS FOR NUCLEAR PLANT UPRATE AND CONSTRUCTION
PROJECTS AUDIT REPORT NO. PA-11-01-001**

STATE OF FLORIDA

COUNTY OF CITRUS

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

1. My name is Jon Franke. I am employed by Progress Energy Florida, Inc. ("PEF" or the "Company") in the Nuclear Generation Group and serve as Vice President – Crystal River Nuclear Plant. I am over the age of 18 years old and I have been authorized by PEF to give this affidavit in the above-styled proceeding on PEF's behalf and in support of PEF's Tenth Request for Confidential Classification (the "Request"). The facts attested to in my affidavit are based upon my personal knowledge.

2. PEF is seeking confidential classification of portions of the Review of Progress Energy Florida, Inc.'s Project Management Internal Controls for Nuclear Plant Uprate and Construction Project Audit Report No. PA-11-01-001 (the "Audit Report"). A detailed description of the confidential information at issue is contained in confidential Attachment A to PEF's Request and is outlined in PEF's Justification Matrix that is attached to PEF's Request as Appendix C.

DOCUMENT NUMBER-DATE

04544 JUL-1 =

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3. PEF is requesting confidential classification of portions of the Audit Report because it contains confidential contractual information and numbers, the disclosure of which would impair PEF's competitive business interests and violate PEF's confidentiality agreements with third parties and vendors; information gleaned from internal audit controls and reports; contract and change order financial information; and other information the disclosure of which would impair the Company's competitive business interests.

4. The Company is requesting confidential classification of this information because the Audit Report contains proprietary and confidential information that would impair PEF's competitive business interests if publicly disclosed, as well as information concerning contractual data, the disclosure of which would impair the Company's ability to contract on favorable terms and, in many cases, the information constitutes trade secrets of the Company and its contract partners. In many instances, the disclosure of this information would violate contractual confidentiality provisions or is the result of recent negotiations with PEF vendors or ongoing contracts with vendors. Portions of these documents reflect the Company's internal strategies for evaluating projects. The information contains sensitive information concerning the Crystal River Unit 3 ("CR3") Extended Power Uprate ("EPU") Project ("CR3 Uprate"). Information regarding the CR3 Uprate includes highly confidential and proprietary competitive business information and numbers, the release of which would place PEF's competitors at a relative competitive advantage, thereby harming the Company's and its customer's interests.

5. Furthermore, portions of the information in the Audit Report were taken from internal audit reports which are highly confidential. If the Company were to know that its internal auditing controls and process were subject to public disclosure, it would likely compromise the level of cooperation needed to efficiently conduct audits.

6. PEF considers this information to confidential and proprietary and continues to take steps to protect against its public disclosure, including limiting the personnel who have

access to this information. If such information was disclosed to PEF's competitors and/or other potential suppliers, PEF's efforts to obtain competitive nuclear equipment and service options that provide economic value to both the Company and its customers could be compromised by the Company's competitors and/or suppliers changing their offers, consumption, or purchasing behavior within the relevant markets. If other third parties were made aware of confidential contractual terms that PEF has with other parties, they may offer less competitive contractual terms in future contractual negotiations. Without the Company's measures to maintain the confidentiality of sensitive terms in contracts with these nuclear contractors, the Company's efforts to obtain competitive contracts could be undermined to the detriment of PEF and its ratepayers.

7. Upon receipt of this confidential information, as with all confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the documents and information provided therein. Such procedures include, but are not limited to, restricting access to the documents and information to only those persons who require it to assist the Company. At no time since developing or entering the contracts in question has PEF publicly disclosed the contracts' confidential terms; PEF has treated and continues to treat the information contained in the subject contracts and other documents as confidential.

8. This concludes my affidavit.

Further affiant sayeth not.

Dated this _____ day of _____, 2011.

(Signature)

Jon Franke
Vice President - Crystal River Nuclear Plant
15760 W. Powerline St.
Crystal River, Florida 34442

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this ____ day of _____, 2011 by Jon Franke. He is personally known to me, or has produced his _____ driver's license, or his _____ as identification.

(Signature)

(AFFIX NOTARIAL SEAL)

(Printed Name)

NOTARY PUBLIC, STATE OF _____

(Commission Expiration Date)

(Serial Number, If Any)