

**REDACTED**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Nuclear Cost Recovery )  
Clause )  
claim of confidentiality )  
notice of intent )  
 request for confidentiality )  
filed by OPC )

Docket No. 130009-EI  
Filed: April 26, 2013

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**PROGRESS ENERGY FLORIDA'S SECOND REQUEST FOR  
CONFIDENTIAL CLASSIFICATION**

For DN 02197-13, which is in locked storage. You must be authorized to view this document.

Progress Energy Florida, Inc. ("PEF" or the "Company"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006(3), Florida Administrative Code, files this Request for Confidential Classification of the confidential portions of the information provided in response to Staff's First Set of Interrogatories to Progress Energy Florida, Inc. (Nos. 1-2) and the *Amended* Response to Staff's First Set of Interrogatories to Progress Energy Florida, Inc. (Nos. 1-2). PEF's responses contain confidential contractual information and numbers, the disclosure of which would impair PEF's ability to contract for necessary goods and services, as well as other information the disclosure of which would harm the Company's competitive business interests. The information in PEF's response and *amended* response meet the definition of proprietary confidential business information per section 366.093(3), Florida Statutes. The unredacted response and *amended* response are being filed under seal with the Commission on a confidential basis to keep the competitive business information in the Documents confidential.

**BASIS FOR CONFIDENTIAL CLASSIFICATION**

Section 366.093(1), Florida Statutes, provides that "any records received by the

Commission which are shown and found by the Commission to be proprietary confidential business information shall be kept confidential and shall be exempt from [the Public Records Act]." § 366.093(1), Fla. Stat. Proprietary confidential business information means information that is (i) intended to be and is treated as private confidential information by the Company, (ii)

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because disclosure of the information would cause harm, (iii) either to the Company's customers or the Company's business operation, and (iv) the information has not been voluntarily disclosed to the public. § 366.093(3), Fla. Stat. Specifically, "information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms" is defined as proprietary confidential business information. § 366.093(3)(d), Fla. Stat. Additionally, section 366.093(3)(e) defines "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information," as proprietary confidential business information.

Portions of the aforementioned response and *amended* response should be afforded confidential classification for the reasons set forth in the Affidavit of Garry D. Miller filed in support of PEF's Second Request for Confidential Classification, and for the following reasons.

PEF's Response to Staff's First Set of Interrogatories and *Amended* Response to Staff's First Set of Interrogatories (Nos. 1-2) contain sensitive proprietary and confidential information, related to and derived from contractual agreements necessary for the CR3 Uprate. Specifically, the response and *amended* response contain confidential business and contractual information. PEF considers this information to be confidential and proprietary in nature, and continues to take steps to protect against its public disclosure, including limiting the personnel who have access to this information. Affidavit of Miller, ¶ 4. Public release of this information would harm the Company's ability to contract for necessary goods and services by signaling to the parties with whom PEF attempts to contract that the Company will not be able to maintain the confidentiality of the parties' contractual agreements, and in many instances, the disclosure of this information would violate contractual confidentiality provisions. See id. at ¶ 4. .

Further, the Company has established and follows strict procedures to maintain the confidentiality of the terms of all of the confidential documents and information at issue, including restricting access to those persons who need the information and documents to assist the Company. See Affidavit of Miller, ¶ 5.

At no time has the Company publicly disclosed the confidential information at issue; PEF has treated and continues to treat the information at issue as confidential. See Affidavit of Miller, ¶ 5.

PEF requests this information be granted confidential treatment by the Commission.

### Conclusion

The competitive, confidential information at issue in this Request fits the statutory definition of proprietary confidential business information under Section 366.093, Florida Statutes, and Rule 25-22.006, F.A.C., and therefore that information should be afforded confidential classification. In support of this motion, PEF has enclosed the following:


(1) A separate, sealed envelope containing one copy of the confidential Appendix A to PEF's Request for which PEF intends to request confidential classification with the appropriate section, pages, or lines containing the confidential information highlighted. **This information should be accorded confidential treatment pending a decision on PEF's Request by the Commission;**

(2) Two copies of the documents with the information for which PEF intends to request confidential classification redacted by section, pages, or lines where appropriate as Appendix B; and,

(3) A justification matrix of the confidential information contained in Appendix A supporting PEF's Request, as Appendix C.

WHEREFORE, PEF respectfully requests that the redacted portions of Progress Energy Florida, Inc.'s Response to Staff's First Set of Interrogatories (Nos. 1-2) and Progress Energy Florida, Inc.'s *Amended* Response to Staff's First Set of Interrogatories (Nos. 1-2) be classified as confidential for the reasons set forth above.

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 26<sup>th</sup> day of April, 2013.



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**REDACTED**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 130009-EI

SERVED: April 10, 2013

**REDACTED**  
**PROGRESS ENERGY FLORIDA, INC.'S RESPONSE TO**  
**STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1-2)**

Progress Energy Florida, Inc. ("PEF") responds to Staff's First Set of Interrogatories (Nos. 1-2) as follows:

**INTERROGATORIES**

1. Topic: CR3 Uprate contract oversight activities since 2009. Please refer to Witness Fosters's Exhibit TGF-2, Schedule T-6.3, line 10, "Power Block Engineering, Procurement, etc." and Schedule T-7. Please list each contract number for which expenses were included in Schedule T-6.3, line 10 and in Schedule T-7.

**RESPONSE:**

Subject to PEF's general objections, the following is a list of contracts from Schedule T-7 for which expenses were included in Schedule T-6.3, Line, 10 Column N (2012 actual costs incurred in the amount of \$38,062,056<sup>1</sup>). All contractual costs incurred for years prior to 2012 have been previously reviewed in this NCRC docket and determined prudent for recovery.

- Contract No. 101659 Work Authorization (WA) 84
- Contract No. 101659 WA 93
- Contract No. 145569 WA 50
- Contract No. 359323 WA14
- Contract No. 506636
- Contract No. 488945
- Contract No. 590696
- Contract No. 545831-01

<sup>1</sup> 2012 actual costs incurred for the contracts listed here equal approximately [REDACTED]. The total of approximately \$38 million also includes in-house and seconded labor, accrual for Scientech, and miscellaneous support under smaller contracts and purchase orders not referenced on Schedule T-7.

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- WA 93 was put in place to support Phase II and Phase III of the CR3 Uprate project for secondary side equipment.
- WA 93 was for EPU Balance of Plant (BOP) engineering analysis and work and non-RAI related engineering work including non-safety related work on the secondary side of the plant. Substantial work was performed under this contract during Phase II for installation of equipment. Phase III included BOP engineering analysis and work regarding the pieces of LLE that could not be installed in Phase II, including the LPT/HPT and feedwater heaters and pumps.
- **2009:** WA 93 was put in place more than 2 years prior to the discovery of the first delamination at CR3 in October, 2009.

**Contract No. 101659 WA 84 and 93:**

- **2010:** Following the initial delamination, PEF adjusted its implementation schedule accordingly, but continued with engineering work under WA 84 and 93 to support the development of the EPU LAR and additional secondary side work.
- **2011:** PEF was in the final stages of retensioning the CR3 containment building as part of the process to return CR3 to commercial service when the second delamination occurred. At that time PEF was proceeding with EPU work in order to implement it in the next refueling outage estimated for spring of 2013.
- **Late 2011:** Following the second delamination, PEF evaluated whether to repair or retire CR3 and made an initial decision to repair CR3 subject to detailed engineering, technical, licensing, and construction analyses of the costs and risks of the identified repair option. Accordingly, work under WA 84 and 93 continued to maintain the capability to complete the EPU phase work in 2013 in accordance with the current plan. In addition, WA 84 work was required to support submittal of the EPU LAR, which was submitted to the NRC in June 2011. Following the March 2011 delamination, however, PEF internal engineering design work and contractor overtime that was not necessary for the EPU LAR or to maintain the EPU schedule to complete the EPU during the current CR3 re-fueling outage was reprioritized or slowed down to minimize expenditures pending a repair/retire decision.
- **January 2012:** PEF delayed procurement of a construction contract for EPU implementation based on the pending repair/retire decision and EPU schedule.
- **February 2012:** A cost analysis was performed and presented to senior management in February 2012. Management agreed to continue with the EPU engineering, long lead equipment procurement progress payments, and licensing. The implementation phase and associated construction costs were put on hold and delayed pending a repair/retire decision.
- **March 2012:** EPU implementation shifted to June 2013 based on the pending repair/retire decision.
- **August 2012:** EPU implementation schedule reforecast to January 2014 based on the pending repair/retire decision.
- **2012:** Costs incurred in 2012 under WA 84 and WA 93 were approximately [REDACTED] and [REDACTED], respectively.

approximate [REDACTED] was invoiced for AREVA to close-out their project through the month of February for project management costs.

**The remaining six contracts referenced in Interrogatory No. 1 are for procurement of long-lead time equipment necessary to uprate CR3.**

**Contract No. 145569 WA 50**

- **2007:** Contract No. 145569 WA 50 with contractor Siemens Energy, Inc. was executed in July, 2007.
  - The Siemens contract was for engineering analysis, specifications and fabrication of Low Pressure Turbine (LPT) and High Pressure Turbine (HPT) components, including supply of all equipment and installation.
- **2009:** This contract was put in place more than 2 years prior to the discovery of the first delamination at CR3 in October of 2009.
- **2009:** The new LPTs were originally contracted to be installed in the 16R refueling outage in 2009. This plan was delayed by the problems with similar LPTs at the DC Cook plant in Michigan. In addition, during bunker spin performance testing of the CR3 LPTs the LPT turbine rotor failed. As a result installation was deferred.
- **2011:** PEF negotiated extensively with Siemens and resolved these issues in 2011 as Jon Franke explained in his May 2, 2011 testimony in Docket No. 110009-EI.
- **2012:** PEF took receipt of the LPTs in 2012.
- **2012:** Costs incurred in 2012 under this contract was approximately [REDACTED].
  - PEF had certain contractual obligations and payments under its contract based on milestone achievement by the contractor that could not be reduced absent cancellation of the contract.
  - Costs under this contract were reduced by delaying implementation and installation of the components until after a repair/retire decision.
- **2013:** These components were received and placed in storage at CR3 and will be maintained pursuant to vendor storage instructions while the company conducts a cost benefit analysis and considers potential salvage value of each component compared to the cost to maintain it. The total contracted amount may be reduced as PEF negotiates close-out of each contract and considers salvage value.

**Contract No. 359323 WA14**

- **2009:** Contract No. 359323 WA 14 with contractor Flowserve FSD Corp was executed in November, 2009.
  - Contract No. 359323 WA 14 was for procurement of condensate pumps and motors for the CR3 Uprate project.
- **2012:** Costs in 2012 incurred under Contract No. 359323 WA 14 were [REDACTED]



- PEF was contractually committed to make milestone payments for this long lead equipment under its contract.
- **2013:** These components were received and placed in storage at CR3 in early 2013 and will be maintained pursuant to vendor storage instructions while the company conducts a cost benefit analysis and considers potential salvage value of each component compared to the cost to maintain it. The total contracted amount may be reduced as PEF negotiates close-out of each contract and considers salvage value.

**Contract Nos. 506636 and 488945**

- **2010:** Contract Nos. 506636 and 488945 with contractor Sulzer Pumps USA, Inc. were executed in January, 2010.
  - These contracts were for procurement and upgrade of Main Feedwater pumps 2A/2B and 1A/1B.
- **2012:** Costs in 2012 incurred under Contract No. 359323 WA 14 were [REDACTED].
  - PEF was contractually committed to make milestone payments for this long lead equipment under its contracts.
- **2013:** Following the retirement announcement Sulzer was notified to suspend all activities under its contracts. The total contracted amount may be reduced as PEF negotiates close-out of each contract.

**Contract No. 590696**

- **2011:** Contract No. 590696 with contractor SPX Heat Transfer was executed in November, 2011.
  - This contract was for procurement of Feedwater Heat Exchangers 3A/3B necessary to maintain the capability to complete the EPU. The original decision to commit to the purchase was delayed following the second delamination until the schedule indicated that PEF needed to obtain a contract in order to support the capability of executing the EPU during the current extended outage.
  - Feedwater Heat Exchangers were required based on design assumptions for performance at EPU conditions that could not be guaranteed based on as found conditions. Without new heat exchangers the required EPU performance could not be met for the remaining extended life-cycle of CR3. Accordingly, these long lead equipment items were necessary to preserve the ability to implement the EPU.
- **2012:** Costs in 2012 incurred under Contract No. 590696 were [REDACTED].
  - PEF was contractually committed to make milestone payments for this long lead equipment under its contracts.
- **2013:** Following the retirement announcement SPX was notified to suspend all activities under its contract. The total contracted amount may be reduced as PEF negotiates close-out of each contract.

**Contract No. 545831-01**

- **2011:** Contract No. 545831-01 with contractor Curtiss Wright/Scientech was executed in March, 2011.
  - This contract was for procurement of the Inadequate Core Cooling Modification System (ICCMS) to support the Fast Cooldown System.
  - As discussed in Jon Franke's May 2, 2011 testimony in Docket 110009-EI, PEF proceeded with execution of the contract with the appropriate contractual protections in place because this was the longest lead equipment item needed to meet the then planned EPU schedule.
  - The ICCMS contracts were entered into following extensive analysis and interface with the NRC on the requirements for the safety analysis to support EPU under the Company's EPU LAR application. In addition, the assistance of Scientech was needed to respond to NRC RAIs because the ICCMS designs and equipment were required to be fabricated and tested to support responses to NRC RAIs.
- **2012:** Costs in 2012 incurred under Contract No. 545831-01 were [REDACTED].
  - PEF was contractually committed to make milestone payments for this long lead equipment under this contract.
- **2013:** Following the retirement announcement Scientech was notified to suspend all activities under its contract. The total contracted amount may be reduced as PEF negotiates close-out of each contract.

**PROGRESS ENERGY FLORIDA DOCKET 130009-EI**  
**Second Request for Confidential Classification**  
**Confidentiality Justification Matrix**

DOCUMENT	PAGE/LINE/ COLUMN	JUSTIFICATION
Progress Energy Florida, Inc.'s Response to Staff's First Set of Interrogatories (Nos. 1-2)	Page 1, Footnote 1, 1 <sup>st</sup> line, twelfth and thirteenth words; Page 3, last bullet point, 1 <sup>st</sup> line, last two words, last line, second and third words; Page 5, 1 <sup>st</sup> line, second word, 20 <sup>th</sup> line, last two words, last line on page, last word; Page 6, 13 <sup>th</sup> line, last two words, sixth line from the bottom, last two words; Page 7, sixth line from bottom, last two words	<p>§366.093(3)(d), Fla. Stat.  The document portions in question contain confidential contractual 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), Fla. Stat.  The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
Progress Energy Florida, Inc.'s <i>Amended</i> Response to Staff's First Set of Interrogatories (Nos. 1-2)	Page 1, Footnote 1, 1 <sup>st</sup> line, twelfth and thirteenth words; Page 3, last bullet point, 1 <sup>st</sup> line, last two words, last line, second and third words; Page 5, 1 <sup>st</sup> line, second word, 20 <sup>th</sup> line, last two words, last line on page, last word; Page 6, 13 <sup>th</sup> line, last word, 14 <sup>th</sup> line, first word, third line from the bottom, last two words; Page 7, sixth line from bottom, last two words	<p>§366.093(3)(d), Fla. Stat.  The document portions in question contain confidential contractual 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), Fla. Stat.  The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>