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November 12, 2013



Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

**REDACTED**

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COMMISSION  
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RE: Docket No. 130140-EI

Dear Ms. Cole:

Enclosed for filing in the above referenced docket is Gulf Power Company's Request for Confidential Classification pertaining to certain portions of Gulf's response to Staff's Tenth Set of Interrogatories to Gulf Power (Nos. 114-134). Enclosed is a copy of Gulf Power's Request for Confidential Classification and Exhibit "A" which is a justification for confidential treatment of the Confidential Information in Microsoft Word format as prepared on a Windows based system.

Sincerely,

*Robert L. McGee, Jr.*  
Robert L. McGee, Jr.

md

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.  
Gunster Law Firm  
Charles A. Guyton, Esq.  
Richard A. Melson, Esq.

+ 1 copy of redacted

- COM
- APD
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for increase in rates  
by Gulf Power Company

Docket No.: 130140-EI  
Date: November 13, 2013

**GULF POWER COMPANY'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION  
AND MOTION FOR TEMPORARY PROTECTIVE ORDER**

Gulf Power Company ("Gulf Power" or "the Company"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, hereby requests confidential classification of certain documents and information produced in response to Commission Staff's Tenth Interrogatories to Gulf Power (Nos. 114-134) ("Staff's Discovery"). Confidential information submitted in response to Staff's Discovery has been segregated and placed within the accompanying envelope bearing the label "CONFIDENTIAL" ("Confidential Information"). The contents of this envelope should be treated as confidential in their entirety.

**Description of the Document(s)**

The Confidential Information is contained in Gulf's responses to Interrogatory Nos. 119 and 132. The Confidential Information is identified with specificity on Exhibit "A" to this Request. In support of this request, the Company states:

1. Subsection 366.093(1), Florida Statutes, provides that any records "found by the Commission to be propriety confidential business information shall be kept confidential and shall be exempt from s. 119.07(1), Florida Statutes [requiring disclosure under the Public Records Act]." Proprietary confidential business information includes, but is not limited to "[i]nformation concerning . . . 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." Subsection 366.093(3)(d), Florida Statutes. Proprietary confidential business information also

includes “[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.” Section 366.093(3)(e), Florida Statutes. The Confidential Information that is the subject of this request and motion falls within the statutory categories and, thus, constitutes propriety confidential business information entitled to protection under Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code.

2. Attached hereto as Exhibit "A" is a justification for confidential treatment of the Confidential Information.

3. Attached hereto as Exhibit "B" is a public version of the Document(s) with the Confidential Information redacted, unless previously filed as indicated.

4. The Confidential Information is intended to be and is treated by Gulf Power as private and, to this attorney’s knowledge, has not been publicly disclosed.

5. For the same reasons set forth herein in support of its request for confidential classification, Gulf Power also moves the Commission for entry of a temporary protective order pursuant to Rule 25-22.006(6)(c), Florida Administrative Code, protecting the Confidential Information from public disclosure.

#### **Requested Duration of Confidential Classification**

6. Gulf Power requests that the Confidential Information be treated by the Commission as confidential proprietary business information for at least the 18 month period prescribed in Rule 25-22.006(9)(a), Florida Administrative Code. If, and to the extent that the Company is in need of confidential classification of the Confidential Information beyond the 18 month period set forth in the Commission rule, the justification and grounds for such extended confidential treatment are set forth in Exhibit "C" to this request and motion.

WHEREFORE, Gulf Power Company respectfully requests that the Confidential Information that is the subject of this request and motion be accorded confidential classification for the reasons set forth herein and for a minimum period of 18 months, subject to any request for a longer period of confidential classification as may be set forth in Exhibit "C" to this request and motion. The company further moves for the entry of a temporary protective order pursuant to Rule 25-22.006(6)(c), Florida Administrative Code, protecting the Confidential Information from public disclosure.

DATED this 12<sup>th</sup> day of November, 2013.

Respectfully submitted,



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**Attorneys for Gulf Power Company**

**EXHIBIT "A"**

**JUSTIFICATION FOR CONFIDENTIAL TREATMENT OF  
PORTIONS OF GULF POWER'S RESPONSES  
TO STAFF'S TENTH INTERROGATORIES (NOS. 114-134)**

| <u>ROG No.</u> | <u>Page/File Name</u> | <u>Detailed Description</u> | <u>Rationale</u> |
|----------------|-----------------------|-----------------------------|------------------|
| 119            | Page 1                | All highlighted information | (1)              |
| 132            | Pages 3, 11, 12, 16   | All highlighted information | (1)              |
|                |                       |                             |                  |
|                |                       |                             |                  |

- 
- (1) The information identified on the listed pages/files contains confidential employee compensation data including positions and associated compensation. Public disclosure of this information could provide Gulf's competitors with an advantage in acquiring and obtaining qualified employees, increase Gulf's employee turnover and associated training costs, and give existing and prospective employees an advantage in negotiating compensation packages, leading to increases in the overall amount paid to employees. This information is confidential pursuant to section 366.093(3)(e), Florida Statutes. See Florida Power & Light v. Florida Public Service Commission, 31 So.3d 860 (Fla. 1<sup>st</sup> DCA 2010).

**PUBLIC VERSION(S) OF THE DOCUMENT(S)**

Attached hereto (unless previously filed as may be noted below) are two public versions of the Document(s) with the Confidential Information redacted.

Public Version(s) of the Document(s) attached   X  

Public Version(s) of the Document(s) previously filed on \_\_\_\_\_

119. Referring to page 8, lines 16-22, please identify by position title and salary any additional positions that were added in 2011 and 2012, and explain how the ratepayers have benefited from these positions being added.

**ANSWER:**

Customers have benefited from the additional positions detailed below by reduced waiting times, expanded services, increased quality assurance and more comprehensive training of Customer Care Representatives. Since additional positions were added, Gulf has improved in both service level and in customer satisfaction. All of these employees directly serve our customers.

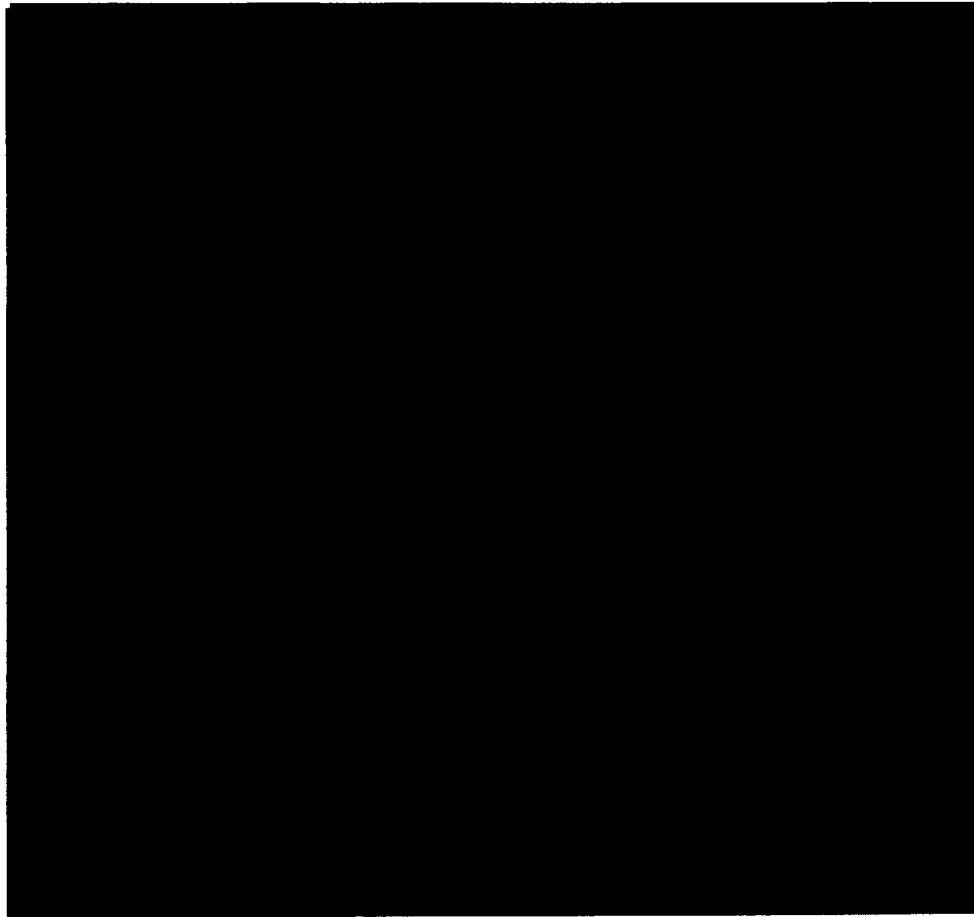
| <b>Title</b>                                  | <b>Salary</b> | <b>Positions Added</b> |
|---|---------------|------------------------|
| CSC Representative IV                         | ██████████    | 4                      |
| Customer Representative I<br>Customer Service | ██████████    | 6                      |
| Associate                                     | ██████████    | 3                      |

- Temporary employees (even if such classification is determined to have been incorrect)
- Outside directors
- Collective bargaining unit employees who have not been approved for participation
- Georgia Power bargaining unit employees who have not completed their probationary period and who are not approved by their manager to participate as of December 31

In accordance with the terms of a memorandum of understanding, collective bargaining unit employees may be eligible for some but not all awards under PPP. Also, in accordance with the terms of a memorandum of understanding, the adopting employer has the right to continue or not continue participation in PPP.

### **Award Sizes**

Target award sizes are as follows:



<sup>1</sup> The company may unilaterally change the percentage target award at any time.



### **Exercise Price**

The Omnibus Plan allows the Committee to set the exercise price, provided that the exercise price of Southern Company options shall be equal to or higher than the closing common stock price on the date of grant. In practice, the Committee sets the exercise price equal to the closing common stock price on the date of grant.

For annual grants, the date of grant is the date that the Committee approves the stock option award. For interim grants, the date of grant is the interim grant date designated in the Design Details. If the markets are closed on the date of grant, then the most recent trading day prior to the date of grant is deemed to be the date of grant for purposes of determining the exercise price.

### **Term**

The Omnibus Plan allows the Committee to set the term of options. The Committee has committed to grant Southern Company options with a term of no more than 10 years. In practice, the Committee sets the term at 10 years. This term may be shortened through termination of employment (see that section, below).

### **Vesting**

The Omnibus Plan allows the Committee to set the vesting schedule. In practice, options are set to vest one third per year. Vesting occurs on the first, second and third anniversaries of the grant date.

### **Transferability**

Southern Company options are only transferable if the award agreement specifically allows it. In practice, all award agreements allow options to be transferred to revocable trusts subject to the prior approval of the most senior Human Resources officer, and, in certain limited circumstances, some award agreements also allow transfers to other persons or entities. A transfer is only allowed if it is not a transfer for value. No subsequent transfers or assignments are allowed and any attempt at a subsequent transfer is void. Transfers incident to a divorce are not allowed.

### **Award Sizes**

The long term incentive target award value ("LTI Target Award") is based on a percentage of base salary. Forty percent (40%) of the LTI Target Award is used as part of the calculation to determine the number of stock options to be awarded. The remaining sixty (60%) of the LTI Target Award is awarded under the Performance Share Program (except for mid-year awards which are addressed below).



## Timing of Grants

- *Regular grants.* Options are granted on a regular basis, typically annually, to eligible employees. This is done in order to remain competitive with market practice. Employee must be in an eligible position on the date of the annual merit pay adjustment and the date of the grant.
- *Grants to new hires and employees promoted from ineligible positions into eligible positions.* Options are granted to new hires and employees promoted from ineligible positions into eligible positions under a formula:

| Grant Date <sup>6</sup> | New Hires and Employees Promoted Into Eligible Position Included           | Percent of a Guideline Grant Made |
|-------------------------|--|-----------------------------------|
| May 1                   | From the last date included in the February option grant, through April 30 | 75%                               |
| August 1                | May 1 through July 31  | 50%                               |
| November 1              | August 1 through October 31  | 25%                               |

- Employees eligible for prorated grants will receive full LTI Target Award (base salary x LTI Target Award % x Proration Percentage) in stock options rather than the 40% Stock Option Allocation.

## Impact of Changes in Employment Status

The following table shows the impact of changes in employment status.

| Employment Event   | Treatment of Unvested Options | Exercise Period for Vested Options (But In No Event Beyond the Original Option Term) <sup>1</sup> | Eligible for Additional Grants after Employment Event |
|--|-------------------------------|---|---|
| Retirement <sup>3</sup>                                  | Vest fully <sup>4</sup>       | 5 years   | No  |
| Death <sup>5</sup>                                       | Vest fully                    | 3 years   | No  |
| Any other type of termination not for cause <sup>6</sup> | Forfeited                     | 90 days   | No  |
| Any termination for cause <sup>6/7</sup>                 | Forfeited                     | Forfeited   | No  |
| Paid Leave of absence                                    | Treated as still employed     | No change   | Yes   |
| Military Leave of Absence                                | Treated as still employed     | No change   | No  |
| Unpaid Leave of Absence or Disability <sup>2</sup>       | Treated as still employed     | No change   | No  |

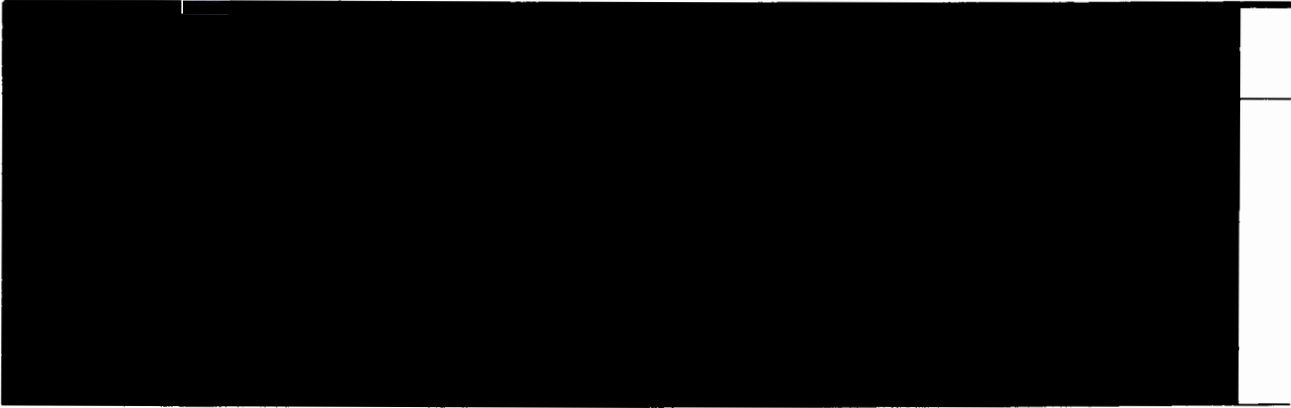
<sup>5</sup> Base salary is typically the annual base salary rate on the date of the annual merit pay adjustment. In all cases, base salary will be fixed and determined prior to the date of grant.

<sup>6</sup> The Committee may change an interim date of grant at any time and may cancel an interim grant prior to the date of grant.

- Bargaining unit employees
- Independent contractors
- Leased employees
- Co-ops
- Interns
- Temporary employees

### **How Number of Performance Shares Are Determined**

The long term incentive target award value ("LTI Target Award") is based on a percentage of base salary. Forty percent (40%) of the LTI Target Award is used as part of the calculation to determine the number of stock options to be awarded. The remaining sixty percent (60%) of the LTI Target Award is used as part of the calculation to determine the number of Performance Shares to be awarded.



To calculate the number of Performance Shares to be granted, the Performance Share Allocation amount (base salary x LTI Target Award % x 60%) is divided by the fair value of one Performance Share on the date of the grant. Fair Value is based on accounting standards and is not the same as market value. Base salary and salary grade level are determined as of the date of the annual merit increase adjustment of the year of grant. The participant will be notified of the number of Performance Shares that have been granted to the participant. Performance Shares are units, not actual shares of Southern Company common stock, and thus the actual number of Southern Company common stock to be paid to the participant will not be determined until the end of the performance period.

### **How Performance is Measured**

The performance measure is Southern Company's TSR relative to the TSR of its industry peers. The TSR calculation reflects changes in stock price, dividends paid, and reinvestment of dividends paid during the performance period.

The share price at the beginning of the performance period will be determined by an average of the closing prices for 20 consecutive trading days, ending on December 31 of the prior year.

**EXHIBIT "C"**

**REQUESTED DURATION OF CONFIDENTIAL CLASSIFICATION**

Gulf Power requests that the Confidential Information that is the subject of this request be treated as proprietary confidential business information exempt from the Public Records Law for a minimum of 18 months from the date of the order granting such classification. To the extent the company needs confidential protection of the Confidential Information for a period longer than 18 months, the company's justification therefor is set forth below:

n/a

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Increase in Rates )  
By Gulf Power Company )  
)

Docket No.: 130140-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by overnight mail this 12th day of November, 2013:

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