

Robert L. McGee, Jr.
Regulatory & Pricing Manager
One Energy Place
Pensacola, Florida 32520-0780
Tel 850.444.6530
Fax 850.444.6026
RLMCGEE@southernco.com



August 30, 2016

RECEIVED-FPSC
2016 AUG 31 AM 10: 29
COMMISSION
CLERK

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

Re: Docket No. 160158-EI – Petition for approval of energy purchase agreement between Gulf Power Company and Morgan Stanley Capital Group Incorporated

Dear Ms. Stauffer:

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 Commission Staff's First Data Request (Nos. 1-32). In addition to the "Confidential" DVD labeled as Exhibit "A", enclosed is a separate DVD containing a copy of Gulf Power's Request for Confidential Classification and Exhibit "B" in Microsoft Word format as prepared on a Windows based system.

Sincerely,

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

COM _____
AFD _____
APA _____
ECO _____
ENG 1 CD only
GCL _____
IDM _____
TEL _____
CLK _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Energy
Purchase Agreement between Gulf Power
Company and Morgan Stanley Capital
Group Inc. dated June 10, 2016

Docket No. 160158-EI
Filed: August 31, 2016

REQUEST FOR CONFIDENTIAL CLASSIFICATION

GULF POWER COMPANY [“Gulf Power”, “Gulf”, or the “Company”], by and through its undersigned attorneys and pursuant to Rule 25-22.006, Florida Administrative Code, hereby files a request that the Florida Public Service Commission enter an order protecting from public disclosure certain information submitted by Gulf Power in response to Commission Staff’s First Data Request to Gulf Power Company (Nos. 1-32) in the above-referenced docket. Confidential information submitted in response to Staff’s First Data Request has been segregated and placed upon the enclosed DVD bearing the label “CONFIDENTIAL” (“Confidential Information”). This DVD should be treated as confidential in its entirety. As grounds for this request, the Company states:

1. Portions of information submitted by Gulf Power in response to question numbers 12-14, 24, 29 and 31 of Commission Staff’s Data Request constitute “proprietary confidential business information” as defined pursuant to section 366.093(3), Florida Statutes.
2. Information submitted in response to question 12 consists of revenue requirements associated with the Energy Purchase Agreement between Gulf Power and Morgan Stanley Capital Group, Inc. This data, when combined with other publicly available data, could be used to calculate the avoided cost figures utilized in Gulf Power’s economic evaluations. These avoided cost calculations are not disclosed elsewhere in information submitted publicly by Gulf Power. Disclosure of the information in question would impair the efforts of Gulf Power to contract for goods and services on favorable terms. It is also information relating to the competitive interests of Gulf Power, the disclosure of which would impair the competitive

business of Gulf Power. The information could be used by wholesale competitors and competitive suppliers of power to Gulf Power to model the company's system and/or affect the Company's purchases from third party suppliers. As such, the information in question is entitled to confidential treatment pursuant to section 366.093(3)(e), Florida Statutes.

3. Information submitted in response to questions 13-14 includes Gulf Power's projected avoided cost calculations and other commercially sensitive information such as annual pricing under the Energy Purchase Agreement. This information is not disclosed elsewhere in information submitted publicly by Gulf Power. Gulf's projected avoided cost calculations include projected avoided fuel, emissions, replacement and O&M costs. Disclosure of the projected avoided cost data would impair the efforts of Gulf Power to contract for goods and services on favorable terms. It is also information relating to the competitive interests of Gulf Power, the disclosure of which would impair the competitive business of Gulf Power. The information could be used by wholesale competitors and competitive suppliers of power to Gulf Power to model the company's system and/or affect the Company's purchases from third party suppliers. Additionally, public disclosure of annual pricing under the Energy Purchase Agreement Public would be harmful to Gulf's and Morgan Stanley's positions in negotiating similar contracts in the future. In particular, such disclosure would place Gulf, its customers, and Morgan Stanley at a competitive disadvantage in the marketplace insofar as potential counterparties could view these negotiated provisions as a starting point for future negotiations. As such, the information in question is entitled to confidential treatment pursuant to section 366.093(3)(d) and (e), Florida Statutes.

4. Information submitted in response to questions 24 and 31 consists of Gulf's fuel price forecast data which is utilized by the Company to, among other things, perform cost-effectiveness analyses for purchased power agreements. This data was developed by Gulf, Southern Company Services, and their consultant, Charles Rivers Associates, using an extensive

proprietary modeling analysis. These forecasts are based on non-public data, were developed at significant cost to the Company, and are considered proprietary by Gulf Power, Southern Company Services, and their consultant. This information reveals key inputs into the Company's decision-making process and is subject to extensive efforts to maintain its secrecy. Only select Company personnel with a "need to know" are granted access. Public disclosure of this information would enable competitors to access and utilize Gulf's forecasts without incurring costs to obtain similar information, thus bestowing an economic advantage upon such competitors at the cost of Gulf and its customers. Additionally, public disclosure of this information would enable vendors of commodities and services to tailor their pricing proposals to the Company's projections, resulting in higher costs for the Company and its customers. For example, if prospective fuel suppliers have access to such information, those suppliers will view the forecasted prices as the lower limit of what Gulf expects to pay and will offer to supply fuel at higher prices. Finally, the subject information is used in developing future generation strategies for Gulf. Generation wholesalers, power marketers or other competitors could utilize this information to tailor proposals with the intention of pricing products that could undermine the Company's market position. This information derives economic value from not being generally known to, and being readily ascertainable by proper means to, other persons who can obtain economic value from its disclosure or use. Protection of this information has taken on added importance recently given data mining trends in the industry. Trade publications are increasingly scouring regulatory filings, compiling data and selling these packaged products to industry participants such as commodity suppliers. Consequently, this information is entitled to confidential classification pursuant to section 366.093(3)(a) and (e), Florida Statutes. The Commission has previously determined that Gulf's fuel price forecasting data constitutes proprietary confidential business information pursuant to section 366.093(3), Florida Statutes. See e.g., Order No. PSC-14-0368-CFO-EI.

5. Information submitted in response to question 29 includes fuel forecasts which were developed by parties other than Southern Company and Charles River Associates and which were purchased by Southern Company Services through a paid subscription service. This information is subject to non-disclosure agreements and is regarded by the vendors as proprietary information. Public disclosure of this information would enable others in the marketplace to capitalize on this data without compensating the vendors for the same and could result in vendors charging higher prices, or refusing to do business with Gulf, out of concern that their data would be publicly disclosed. Public disclosure of this data would impair the competitive business interests of Gulf Power and its vendors and is therefore entitled to confidential classification pursuant to section 366.093(3)(e), Florida Statutes.

6. The information filed pursuant to this Request is intended to be, and is treated as, confidential by Gulf Power and, to this attorney's knowledge, has not been otherwise publicly disclosed.

7. Attached hereto as Exhibit "A" is a DVD containing the Confidential Information. Attached hereto as Exhibit "B" is a justification for confidential treatment of the Confidential Information.

WHEREFORE, Gulf Power Company respectfully requests that the Commission enter an order protecting the information contained within Exhibit "A" from public disclosure as proprietary confidential business information.

Respectfully submitted this 30th day of August, 2016.



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

Beggs & Lane

P. O. Box 12950

Pensacola, FL 32591

(850) 432-2451

Attorneys for Gulf Power Company

REQUEST FOR CONFIDENTIAL CLASSIFICATION

EXHIBIT "A"

DVD provided to the Commission Clerk
under separate cover as confidential information

EXHIBIT "B"

Line-by-Line/Field-by-Field Justification

Line(s)/Field(s)

Justification

Response to Request # 12

See file titled:

"DR1-12 Annual Revenue Requirements_CONF"

This information is entitled to confidential classification pursuant to §366.093(3)(e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 2.

Response to Request #'s 13-14

See files titled:

"DR1-13 Annual and Cumulative Values_CONF"

"DR1-14a Base_CONF"

"DR1-14a HGO_CONF"

"DR1-14a LGO_CONF"

This information is entitled to confidential classification pursuant to §366.093(3)(d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 3.

Response to Request #'s 24 and 31

See files titled:

"DR1-24 Fuel Price Forecast_CONF"

"DR1-31 High and Low Fuel Forecasts_CONF"

This information is entitled to confidential classification pursuant to §366.093(3)(a) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 4.

Response to Request # 29

See file titled:

"DR1-29 Fuel Price Comparisons_CONF"

This information is entitled to confidential classification pursuant to §366.093(3)(e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 5.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Petition for approval of energy purchase**)
agreement between Gulf Power Company)
and Morgan Stanley Capital Group,)
Incorporated)

Docket No.: **160158-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by overnight mail this 30th day of August, 2016 to the following:

Office of Public Counsel
J. R. Kelly/Stephanie Morse
Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
Kelly.jr@leg.state.fl.us

Office of the General Counsel
Kelley Corbari
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850
kcorbari@psc.state.fl.us



JEFFREY A. STONE
Florida Bar No. 325953
jas@beggslane.com
RUSSELL A. BADDERS
Florida Bar No. 007455
rab@beggslane.com
STEVEN R. GRIFFIN
Florida Bar No. 0627569
srg@beggslane.com
BEGGS & LANE
P. O. Box 12950
Pensacola FL 32591-2950
(850) 432-2451
Attorneys for Gulf Power