



Dianne M. Triplett  
ASSOCIATE GENERAL COUNSEL

September 29, 2016

**VIA ELECTRONIC MAIL**

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

Re: *Docket Nos. 160178-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's Request for Confidential Classification filed in connection with its response to Staff's First Data Request. The filing includes the following:

- DEF's Request for Confidential Classification
- Slipsheet for confidential Exhibit A
- Redacted Exhibit B (two copies)
- Exhibit C (justification matrix), and
- Exhibit D (affidavit of Jeffrey Swartz)

DEF's confidential Exhibit A that accompanies the above-referenced filing has been submitted under separate cover.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully,

A handwritten signature in blue ink, appearing to read "Dianne M. Triplett", written over a horizontal line.

Dianne M. Triplett

DMT/mw  
Enclosures

**Duke Energy Florida, LLC  
CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 29<sup>th</sup> day of September, 2016 to all parties of record as indicated below.



Attorney

Danijela Janjic  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850  
[djanjic@psc.state.fl.us](mailto:djanjic@psc.state.fl.us)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In re: Duke Energy Florida, LLC Petition  
for Limited Proceeding for Approval to  
Include in Base Rates the Revenue Requirement  
Associated with the Acquisition of The Osprey  
Plant and Phase 2 of the Hines Chiller Uprate  
Project.

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Docket No. 160178-EI

Dated: September 29, 2016

**DUKE ENERGY FLORIDA, LLC'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Duke Energy Florida, LLC (“DEF” or the “Company”), pursuant to Section 366.093, Florida Statutes (“F.S.”), and Rule 25-22.006, Florida Administrative Code (“F.A.C.”), submits its Request for Confidential Classification of Confidential (the “Request”) for certain information provided in response to Staff’s First Data Request, filed in this docket on September 8, 2016 and filed subject to DEF’s concurrently filed Notice of Intent to request confidential classification. In support of this Request, DEF states:

1. DEF’s response to Staff’s First Data Request, specifically questions 7 and 8, contain “proprietary confidential business information” under Section 366.093(3), F.S.
2. The following exhibits are included with this request:
  - (a) Sealed Composite Exhibit A is a package containing an unredacted copy of all the documents for which DEF seeks confidential treatment. Composite Exhibit A is being submitted separately in a sealed envelope labeled “CONFIDENTIAL.” In the unredacted version, the information asserted to be confidential is highlighted in yellow.

(b) Composite Exhibit B consists of 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 which DEF seeks confidential classification and the specific statutory bases for seeking confidential treatment.

(d) Exhibit D is an affidavit attesting to the confidential nature of information identified in this request.

3. As indicated in Exhibit C, the information for which DEF requests confidential classification is “proprietary confidential business information” within the meaning of Section 366.093(3), F.S. Specifically, the information at issue relates to contractual cost data pertaining to the Osprey Acquisition. Pursuant to contracts, DEF is obligated to maintain the confidentiality of this information, and therefore it qualifies for confidential classification. *See* § 366.093(3)(d), F.S.; Affidavit of Jeffrey Swartz at ¶5. If DEF cannot assure contracting parties that it can maintain the confidentiality of contractual terms, those parties and other similarly situated parties may forego entering contracts with DEF, the disclosure of which would impair the efforts of the Company to contract for goods or services on favorable terms. *See* § 366.093(3)(d), F.S.; Affidavit of Jeffrey Swartz at ¶¶ 4-6. 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. Furthermore, the information at issue relates to the competitive interests of DEF and contractors, the disclosure of which would impair DEF’s competitive business interests. *See* §

366.093(3)(e), F.S.; Affidavit of Jeffrey Swartz at ¶6. The information identified as Exhibit “A” is intended to be and is treated as confidential by the Company. *See* Affidavit of Jeffrey Swartz at ¶ 7. The information has not been disclosed to the public, and the Company has treated and continues to treat the information at issue as confidential. *See* Affidavit of Jeffrey Swartz at ¶ 7.

5. DEF 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, DEF respectfully requests that this Request for Confidential Classification be granted.

RESPECTFULLY SUBMITTED this 29<sup>th</sup> day of September, 2016.



**DIANNE M. TRIPLETT**

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**MATTHEW R. BERNIER**

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Attorneys for DUKE ENERGY FLORIDA, LLC

**DUKE ENERGY FLORIDA, LLC  
CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 29<sup>th</sup> day of September, 2016 to all parties of record as indicated below.

  
\_\_\_\_\_  
Attorney

Danijela Janjic  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850  
[djanjic@psc.state.fl.us](mailto:djanjic@psc.state.fl.us)

# **Exhibit A**

**“CONFIDENTIAL”**

(submitted under separate cover)

# **Exhibit B**

**REDACTED**

**(two copies)**



Osprey plants. Variable Costs associated with Routine and Major Maintenance O&M are expected to be higher than what was estimated during the Need Filing. The maintenance costs for years 2017 to 2019 were adjusted to reflect DEF's proposed Outage O&M deferral. The increase in Variable Costs has been offset by the reduction in Fixed and Capital Costs. The impact of these changes results in total additional savings of \$11M, as compared to the CPVRR analysis performed in Docket 150043-EI.

6. Please provide documents supporting the routine O&M cost estimates for 2017 and explain the variance in comparison with the estimates provided in Docket No. 150043-EI. Please describe the cost components for DEF's internal costs, and if outside service providers are used, please provide the type of services provided and the contract value.

**RESPONSE:**

Please refer to Attachment 6; bearing bates number DEF-160178-DR1-000332, for variances between routine O&M cost estimates in the instant docket and Docket No. 150043-EI.

The approximately \$0.1 million increase in routine O&M costs is primarily due to increased contract costs resulting from backup power that must be acquired from TECO. This is partially offset by a reduction in internal labor costs due to a reduction in the original staffing plan.

The estimated internal labor costs on Attachment 6 consist of employee hourly wages, overtime, benefits and payroll taxes.

There are currently no outside services contracts for routine O&M work. However, DEF will negotiate and execute contracts with outside service providers, if necessary, as routine O&M work continues through 2017.

7. Please provide documents supporting the Major O&M cost estimates for 2017, 2018, and 2019, and explain the variance in comparison with the estimates provided in Docket No. 150043-EI. Please describe the cost components for DEF's internal costs, and if outside service providers are used, please provide the type of services provided and the contract value.

**RESPONSE:**

Please refer to Attachment 7; bearing bates number DEF-160178-DR1-000333, for variances between major O&M cost estimates in the instant docket and Docket No. 150043-EI for years 2017-2019.

## REDACTED

In 2017, the Major O&M cost estimate is \$4.3 million (Line 15) higher in the instant docket than in Docket No. 150043-EI. This increase is driven primarily by updated cost estimates and work scope resulting from DEF's ongoing due diligence and integration planning and analysis. The updated cost estimates, including approximately \$3.6 million on Lines 5-7, are driven by actual quotes from vendors and executed contracts. Additionally, approximately \$0.5 million on Line 8 is due to a change in the HRSG Outage Capital work scope. A modular replacement, originally projected to be performed in Docket 150043-EI, is no longer necessary due to subsequent work by Calpine to replace some of the HRSG components to increase reliability. DEF now plans to perform an O&M inspection and survey of the HRSG rather than a capital replacement. A portion of the Steam Turbine and Generator Overhaul Project in 2017 will be performed by Siemens Energy Inc. at a contract value of approximately [REDACTED]. This includes both O&M and Capital work to be performed. The remaining work scope on this project is still being prepared and negotiated with outside service providers. A portion of the Combustion Turbine and Generator Major Inspection Projects in 2017 will be performed by Siemens Energy Inc. at a combined capital and O&M contract value of approximately [REDACTED]. Please also see the documents attached to this response bearing bates numbers DEF-160178-DR1-000001 through DEF-160178-DR1-000326. The attachments are confidential; redacted versions are attached hereto and unredacted versions have been filed with the Florida Public Service Commission ("Commission") along with DEF's Notice of Intent to Request Confidential Classification dated September 8, 2016.

In 2018, the Major O&M cost estimate is \$2.2 million (Line 21) higher in the instant docket than in Docket No. 150043-EI. Approximately \$1.4 million (Lines 16 and 18) is due to updated cost estimates from the Original Equipment Manufacturer for Combustion Turbine and Generator repairs. The remaining \$0.8 million is due to pump and rotating equipment overhaul work that was identified as part of ongoing integration planning and analysis.

In 2019, the Major O&M cost estimate is \$0.8 million (Line 27) higher in the instant docket than in Docket No. 150043-EI. This increase is primarily due to updated project work scopes.

Estimated internal labor costs for Major O&M work consists of employee hourly wages, overtime, benefits and payroll taxes.

A portion of the O&M Outage work in 2018 and 2019 will be performed by outside service providers; however, DEF is still in the process of determining contractor selection and negotiating pricing.

8. Please provide documents supporting the capital major maintenance cost estimates for 2017, 2018, and 2019, including the inventory/spare parts, and explain the variance in comparison with the estimates provided in Docket No. 150043-EI. Please describe the cost components for DEF's internal costs, and if outside service providers are used, please provide the type of services provided and the contract value.

**RESPONSE:**

Please refer to Attachment 8; bearing bates number DEF-160178-DR1-000334, for variances between Major Capital cost estimates in the instant docket and Docket No. 150043-EI for years 2017 and 2018.

**REDACTED**

For 2017, the Major Capital cost estimate is \$1.3 million (Line 1) lower than the estimate in Docket No. 150043-EI. Projected capital expenditures in Docket 160178-EI are appropriately \$4.9 million lower (Lines 15 and 17-19) due to updated cost estimates based on actual vendor quotes, and 2017 capital work, originally projected in Docket 150043-EI, that has been deferred. The reduction in 2017 capital expenditures is partially offset by increased costs identified during the outage planning process of approximately \$3.3 million (Lines 4-7). The 2017 capital work will be completed by both contract and DEF resources. A portion of the Combustion Turbine and Generator Major Inspection Projects in 2017 will be performed by Siemens Energy Inc. at a combined capital and O&M contract value of approximately [REDACTED]. Please also see the confidential documents produced in response to Question 7.

DEF's original projection in Docket No. 150043-EI included the purchase of approximately \$9.5 million of CT Rotable spare parts for the Osprey plant. In the instant docket, DEF no longer projects the purchase of these spare parts. DEF has determined it can rely upon existing spare parts at Hines, in the event these spare parts are needed, to serve both the Hines and Osprey plants.

For 2018, the Major Capital cost estimate is \$3.4 million (Line 27) lower than the estimate in Docket No. 150043-EI. Projected capital expenditures in Docket 160178-EI are approximately \$3.6 million lower (Lines 25 and 26) due to capital work, originally projected in Docket 150043-EI, that has been deferred. The reduction in 2018 capital expenditures is partially offset by increased costs identified during the outage planning process of approximately \$0.5 million (Lines 21 and 22). The 2018 capital work will be completed by both contract and DEF resources. A portion of the Combustion Turbine and Generator Major Inspection Projects in 2018 will be performed by Siemens Energy Inc. at a combined capital and O&M contract value of approximately [REDACTED].

For 2019, Major Capital cost estimates were not updated as part of the instant docket as these costs do not impact the Osprey acquisition revenue requirement. There are no

material changes in Major Capital cost estimated between the instant docket and Docket No. 150043-EI.

Estimated internal labor costs for Major Capital work consists of employee hourly wages, overtime, benefits and payroll taxes.

There have been no contracts issued for the work in 2018.

9. Referring to Exhibit D: Uniform Percentage Increase, please explain why the Billed MWh Sales (\$38,862,831) are not the same as the Billed MWh Sales shown in Docket No. 160128-EI, Exhibit C to the petition (\$38,672,405).

**RESPONSE:**

Please see Attachment 9, bearing bates number DEF-160178-DR1-000335.

The Billed mWh Sales, totaling 38,672,405 mWhs, reflected in Exhibit C in Docket No. 160128-EI, represent the sales for the 12-month period of November 2016 – October 2017, which corresponds to the first 12-months of in-service for Hines Chillers 1-3 & Common.

The Billed mWh Sales, totaling 38,862,831 mWhs, reflected in Exhibit D in Docket No. 160178-EI represent the sales for the 12-month period of February 2017 – January 2018, which corresponds to the first 12-months of in-service for Osprey and the second phase of the Hines Chiller project.

As shown in Attachment 9, DEF used the same sales forecast in both filings and was consistent in using the corresponding time period for the first 12-months of in-service. Per paragraph 16.a of DEF's Revised and Restated Stipulation and Settlement Agreement, DEF used the billing determinants included in the Company's last filed clause projection filing which, for both Docket No. 160128-EI and Docket 160178-EI, was the April 27, 2016 Nuclear Cost Recovery Clause ("NCRC") projection filing. For comparison purposes, consistent with DEF's response to Question 2 in Staff's First Data Request in Docket 160128-EI, DEF has included the Billed mWh Sales for the NCRC projection filing.

**Documents bearing bates numbers  
DEF-160178-DR1-000001 through DEF-160178-DR1-000326  
REDACTED IN THEIR ENTIRETY**

Osprey plants. Variable Costs associated with Routine and Major Maintenance O&M are expected to be higher than what was estimated during the Need Filing. The maintenance costs for years 2017 to 2019 were adjusted to reflect DEF's proposed Outage O&M deferral. The increase in Variable Costs has been offset by the reduction in Fixed and Capital Costs. The impact of these changes results in total additional savings of \$11M, as compared to the CPVRR analysis performed in Docket 150043-EI.

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For 2019, Major Capital cost estimates were not updated as part of the instant docket as these costs do not impact the Osprey acquisition revenue requirement. There are no



material changes in Major Capital cost estimated between the instant docket and Docket No. 150043-EI.

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As shown in Attachment 9, DEF used the same sales forecast in both filings and was consistent in using the corresponding time period for the first 12-months of in-service. Per paragraph 16.a of DEF's Revised and Restated Stipulation and Settlement Agreement, DEF used the billing determinants included in the Company's last filed clause projection filing which, for both Docket No. 160128-EI and Docket 160178-EI, was the April 27, 2016 Nuclear Cost Recovery Clause ("NCRC") projection filing. For comparison purposes, consistent with DEF's response to Question 2 in Staff's First Data Request in Docket 160128-EI, DEF has included the Billed mWh Sales for the NCRC projection filing.

**Documents bearing bates numbers  
DEF-160178-DR1-000001 through DEF-160178-DR1-000326  
REDACTED IN THEIR ENTIRETY**

**Exhibit C**

**DUKE ENERGY FLORIDA  
Confidentiality Justification Matrix**

<b>DOCUMENT/RESPONSES</b>	<b>PAGE/LINE</b>	<b>JUSTIFICATION</b>
<p>DEF's Response to Staff's First Data Request</p>	<p><b>Question 7:</b> The information in ¶ 2 after "approximately" and before "This". The information after "approximately" and before "Please".</p> <p>Bates Numbers DEF-160178-DR1-000001 through DEF-160178-DR1-000326-the entire page of each document is confidential.</p> <p><b>Question 8:</b> the information in ¶ 2 after "approximately" and before "Please". The remaining information in ¶ 4 after "approximately".</p>	<p>§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair DEF'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>

# **Exhibit D**

## **AFFIDAVIT OF JEFFREY SWARTZ**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In re: Duke Energy Florida, LLC Petition for  
Limited Proceeding for Approval to Include  
in Base Rates the Revenue Requirement  
Associated with the Acquisition of the Osprey  
Plant and Phase 2 of the Hines  
Chiller Uprate Project.

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Docket No. 160178-EI

Dated: September 29, 2016

**AFFIDAVIT OF JEFFREY SWARTZ IN SUPPORT OF  
DUKE ENERGY FLORIDA'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF FLORIDA

COUNTY OF CITRUS

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

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

2. I am the Vice President of Florida Generation in the Fossil Hydro Regional Operations Department. This section is responsible for overall leadership and strategic direction of DEF's power generation fleet.

3. As the Vice President of Florida Generation, I am responsible, along with the other members of the section, for strategic and tactical planning to operate and maintain DEF's non-nuclear generation fleet, generation fleet project and additions recommendations, major maintenance programs, outage and project management, and retirement of generation facilities.

4. DEF is seeking confidential classification for portions of its Response to Staff's First Data Request, specifically questions 7 and 8, filed on September 8, 2016 in this docket. The confidential information at issue is contained in confidential Exhibit A to DEF's Request and is outlined in DEF's Justification Matrix that is attached to DEF's Request as Exhibit C. DEF is requesting confidential classification of this information because it contains sensitive business information, the disclosure of which would impair the Company's competitive business interests and efforts to contract for goods or services on favorable terms.

5. DEF negotiates with third-party companies to obtain competitive contracts that provide economic value to DEF and its customers. In order to obtain such contracts, however, DEF must be able to assure third-party companies that sensitive business information such as the terms of their contract, will be kept confidential. DEF has kept confidential and has not publicly disclosed confidential contract terms and similar competitive information. The confidential information at issue relates to contractual cost data for the Osprey Plant. The disclosure of which could impact DEF's efforts to contract for goods or services on favorable terms. Absent such measures, third-party companies would run the risk that sensitive business information that they provided in their contracts with DEF would be made available to the public and, as a result, end up in

possession of potential competitors. Faced with that risk, companies who would otherwise contract with DEF might not do so if DEF did not keep the terms of their contracts confidential. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts between DEF and third-party companies, the Company's efforts to obtain competitive contracts could be undermined.

6. Additionally, the disclosure of confidential contractual information between DEF and third-party companies or information contained in DEF's contracts, or remaining condition precedent and other such documents could adversely impact DEF's competitive business interests. DEF enters into contracts that require the information will be protected from disclosure. If such information was disclosed to DEF's competitors or prospective buyers in the marketplace, DEF's efforts to obtain competitive contract terms that provide economic value to both DEF and its customers could be compromised.

7. Upon receipt of 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, and restricting the number of and access to the information and contracts. At no time since receiving the information in question has the Company publicly disclosed that information. The Company has treated and continues to treat the information at issue as confidential.

8. This concludes my affidavit.

Further affiant sayeth not.

Dated the 27<sup>th</sup> day of September, 2016.

*Jeffrey Swartz*

(Signature)

Jeffrey Swartz  
Vice President Florida Generation  
Fossil/Hydro Operations Florida  
Duke Energy Florida, LLC  
South Region Office  
8202 W. Venable Street  
Crystal River, FL 34429

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 27<sup>th</sup> day of September, 2016 by Jeffrey Swartz. He is personally known to me, or has produced his Florida driver's license, or his \_\_\_\_\_ as identification.

*Barbara Martinuzzi*

(Signature)

Barbara Martinuzzi

(Printed Name)

NOTARY PUBLIC, STATE OF FL

May 10, 2017

(Commission Expiration Date)

EE 867914

(Serial Number, If Any)

(AFFIX NOTARIAL SEAL)

