

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's Earnings, Including Effects of Proposed Acquisition of Florida Power Corporation by Carolina Power & Light

DOCKET NO. 000824-EI

Submitted for Filing: February 12, 2002

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FLORIDA POWER CORPORATION'S
THIRD REQUEST FOR CONFIDENTIAL CLASSIFICATION

Florida Power Corporation ("Florida Power" or "the Company"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, F.A.C., requests confidential classification of the highlighted portions of the documents contained in the sealed envelope attached to this request ("the Documents"). The Documents are portions of the deposition testimony of Mark A. Myers and Robert Bazemore. Also attached is a Justification Matrix supporting Florida Power's third request for confidential classification on a page-by-page, line-by-line basis, and the Affidavit of Mark Myers confirming the basis for this request and the confidential nature of the highlighted information. Fifteen public copies of the Documents, with the confidential information redacted, have been filed with this request. In further support of this request, Florida Power states as follows:

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Introduction

On January 22, 2002, Florida Power filed a Third Notice of Intent to Request Confidential Classification of certain portions of the deposition testimony of Mark A. Myers and Robert Bazemore. The information for which confidential classification is sought has not been made public and generally falls into one of two categories:

1. Preliminary internal financial projections regarding potential merger benefits, which were superseded by later projections developed after more work and analysis had been done. Disclosure of these preliminary projections could cause market confusion and speculation, which could damage for Company's shareholders and/or affect the Company's credit rating and cost of capital.
2. Information and assumptions relating to the Company's strategic business plans, the disclosure of which could harm the Company's competitive interests and encourage market speculation.

The confidentiality of this information is protected by Section 366.093, Florida Statutes, and Rule 25-22.006, F. A. C. The statute generally defines "proprietary confidential business information" to include information that, if disclosed, "would cause harm to the ratepayers or the...company's business operations..." § 366.093(3), *Fla. Stat.* Without limiting this broad definition, the statute specifically protects against disclosure of "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." § 366.093(3)(e), *Fla. Stat.* All of the information highlighted on the Documents falls into one or both of these categories and thus constitutes "proprietary confidential business information" that is protected from public disclosure.

Preliminary Internal Financial Projections

The Documents contain numerous references to preliminary projections of potential merger benefits prepared in connection with and in anticipation of the merger. These early estimates were superseded by more refined projections developed after further work and analysis. This information was prepared solely for internal use by management (both CP&L and Florida Power) in analyzing the potential impacts of the merger and the potential performance of the consolidated company under various scenarios. The projections have been kept strictly confidential.

Because these projections have not previously been publicly disclosed, they may be scrutinized by financial analysts and could cause market confusion and/or speculation about the reasons why the preliminary estimates were different from later, more refined projections. Unwarranted market speculation or confusion could impact the Company's credit rating, which in turn would directly affect the Company's cost of capital, thus harming both the Company and its ratepayers.

Financial projections are necessarily based on a host of assumptions that change over time. If an assumption proves to be inaccurate in any material respect, the projection is likewise inaccurate. The projections at issue here were intended solely for internal use by Company management who understand the limitations of financial forecasting. The projections were never intended to be disseminated to the public, where the Company has no ability to explain the underlying assumptions and how they may have changed since the forecasts were prepared.

Disclosure of confidential internal financial information also raises questions regarding compliance with the SEC fair disclosure requirements imposed by "Regulation FD." *See* 17 CFR §243.100. The information contained in the financial projections has been kept

confidential, and if it is made public in this proceeding, the Company may have an obligation to take steps to ensure that there can be no claim of selective disclosure. If the Company is required to affirmatively publicize the forecasts, it would give the incorrect impression that they were intended for public dissemination, when they in fact were never intended to be used by the public to evaluate the Company's future financial performance. The resulting potential for market confusion and speculation would be very damaging to the Company and its ratepayers.

Information about Potential Business Strategies

The Documents also contain information relating to Florida Progress' potential business strategies in divesting of certain noncore businesses, the disclosure of which would impair its negotiating position vis-a-vis potential buyers. It could also encourage speculation regarding whether or not Florida Progress intends to divest of additional noncore businesses, resulting in market volatility. Premature disclosure of this information could also disrupt the ongoing operations of these businesses by generating concern and confusion among employees.

Parts of Mr. Myers testimony relate to assumptions underlying Florida Power's strategic business plan. (Myers confidential transcript at 33:7-9,18-20; 34:15-20). Disclosure of this information could harm the Company's competitive interests, since it would give competitors access to at least some of the information on which the Company's business decisions are based. Disclosure could also generate market speculation and/or confusion, because analysts may formulate their own assessment of these underlying assumptions, or because the accuracy or inaccuracy of the assumptions will become known with the passage of time.

A portion of Mr. Myers's testimony relates to estimated revenues and profits from the Company's power marketing sales. (Myers confidential transcript at 29:11-21). Public disclosure of the specific profit margin estimated to be derived from a specific amount of

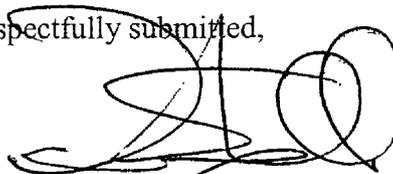
revenue is highly proprietary and confidential. Competitors could use this information to target existing and prospective customers, while prospective buyers could use this information in negotiating contract terms and prices. Disclosure of this information would harm the Company's competitive interests.

For all of these reasons, the information should be kept confidential to avoid harm to the Company and its ratepayers.

Conclusion

For the reasons set forth above and in the attached Justification Matrix, Florida Power respectfully requests confidential classification of the highlighted portions of the documents contained in the sealed envelope attached to this request.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of foregoing has been furnished via hand delivery
(where indicated by *) and via U.S. Mail to the following this 12th day of February, 2002.

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JUSTIFICATION MATRIX
(Mark Myers)

Page Number of Testimony	Line(s)	Justification for Request For Confidential Classification
14	6-7, 19	The adjusted amount of actual merger expenses has not yet been made public. Premature disclosure of this information could encourage market speculation and could raise compliance issues with respect to Regulation FD. <i>See</i> § 366.093(3) (harm to the Company's business operations).
18	16	Disclosure of preliminary internal financial projections could harm the Company and its ratepayers by encouraging market speculation, which in turn could destabilize the Company's credit rating and cost of capital. Disclosure of this confidential information could also raise compliance issues with respect to Regulation FD. <i>See</i> § 366.093(3) (harm to the Company's business operations).
22	19-24	Disclosure of preliminary internal financial projections could harm the Company and its ratepayers by encouraging market speculation, which in turn could destabilize the Company's credit rating and cost of capital. Disclosure of this confidential information could also raise compliance issues with respect to Regulation FD. <i>See</i> § 366.093(3) (harm to the Company's business operations).
23	14-16	Disclosure of preliminary internal financial projections could harm the Company and its ratepayers by encouraging market speculation, which in turn could destabilize the Company's credit rating and cost of capital. Disclosure of this confidential information could also raise compliance issues with respect to Regulation FD. <i>See</i> § 366.093(3) (harm to the Company's business operations).

29	11-21	Disclosure of internal financial projections concerning estimated revenues and profits from the Company's power marketing sales is highly proprietary and confidential. Competitors could use this information to infer costs and profitability, which could be used to target existing and prospective customers. Prospective buyers could use this information to their advantage in negotiating contract terms and prices.. See § 366.093(3) (harm to the Company's business operations) and (3)(e) (harm to competitive interests).
33	7-9, 18-20	This testimony relates to a key assumption underlying the Company's strategic business plan, the disclosure of which would impair its competitive interests in the wholesale power market. See § 366.093(3) (harm to the Company's business operations) and (3)(e) (harm to competitive interests).
34	15-20	This testimony relates to a key assumption underlying the Company's strategic business plan, the disclosure of which would impair its competitive interests in the wholesale power market. See § 366.093(3) (harm to the Company's business operations) and (3)(e) (harm to competitive interests).
39	11-12	Disclosure of preliminary internal financial projections could harm the Company and its ratepayers by encouraging market speculation, which in turn could destabilize the Company's credit rating and cost of capital. Disclosure of this confidential information could also raise compliance issues with respect to Regulation FD. See § 366.093(3) (harm to the Company's business operations).
50	20-23	Disclosure of preliminary internal financial projections could harm the Company and its ratepayers by encouraging market speculation, which in turn could destabilize the Company's credit rating and cost of capital. Disclosure of this confidential information could also raise compliance issues with respect to Regulation FD. See § 366.093(3) (harm to the Company's business operations).
51	20-21	Disclosure of preliminary internal financial projections could harm the Company and its ratepayers by encouraging market speculation, which in turn could destabilize the Company's credit rating and cost of capital. Disclosure of this confidential information could also raise compliance issues with respect to Regulation FD. See § 366.093(3) (harm to the Company's business operations).

52	21-22	Disclosure of preliminary internal financial projections could harm the Company and its ratepayers by encouraging market speculation, which in turn could destabilize the Company's credit rating and cost of capital. Disclosure of this confidential information could also raise compliance issues with respect to Regulation FD. <i>See</i> § 366.093(3) (harm to the Company's business operations).
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JUSTIFICATION MATRIX
(Robert Bazemore)

Page Number of Testimony	Line(s)	Justification for Request For Confidential Classification
15	19-25	Information concerning potential business strategies and divestment of noncore businesses is highly proprietary and confidential. Premature disclosure of this information could harm the Company and its ratepayers by encouraging market speculation, and could disrupt the ongoing operations of the Company's noncore businesses. Disclosure of this confidential information also raises possible concerns with respect to compliance with Regulation FD. <i>See</i> § 366.093(3) (harm to the Company's business operations).
16	1-3	Information concerning potential business strategies and divestment of noncore businesses is highly proprietary and confidential. Premature disclosure of this information could harm the Company and its ratepayers by encouraging market speculation, and could disrupt the ongoing operations of the Company's noncore businesses. Disclosure of this confidential information also raises possible concerns with respect to compliance with Regulation FD. <i>See</i> § 366.093(3) (harm to the Company's business operations).

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Review of Florida Power
Corporation's Earnings, Including Effects
of Proposed Acquisition of Florida Power
Corporation by Carolina Power & Light**

DOCKET NO. 000824-EI

Submitted for Filing:
February 12, 2002**AFFIDAVIT OF MARK A. MYERS**

**STATE OF FLORIDA
COUNTY OF PINELLAS**

I, Mark A. Myers, having first been duly sworn, do hereby state as follows:

1. My name is Mark A. Myers. I am employed by Florida Power Corporation ("Florida Power" or "the Company") as Vice President of Finance. The facts stated in this affidavit are based upon my personal knowledge.

2. I have reviewed the deposition testimony of Mark A. Myers and Robert Bazemore. I have also reviewed the Third Request for Confidential Classification to which this affidavit is attached and the Justification Matrix attached to the request. The confidential information identified in the Justification Matrix is intended to be confidential and is treated by Florida Power and its related companies as confidential. None of the confidential information has been publicly disclosed.

3. Public disclosure of the confidential information would harm the Company and its ratepayers and would impair the Company's competitive interests. The Third Request for Confidential Classification and the Justification Matrix accurately describe the harm to the Company and its ratepayers that would be caused by public disclosure of the confidential information.

4. The Documents contain numerous references to preliminary projections of potential merger benefits prepared in connection with and in anticipation of the merger. These early estimates were superseded by more refined projections developed after further work and analysis. This information was prepared solely for internal use by management (both CP&L and Florida Power) in analyzing the potential impacts of the merger and the potential performance of the consolidated company under various scenarios. The projections have been kept strictly confidential.

5. Because these projections have not previously been publicly disclosed, they may be scrutinized by financial analysts and could cause market confusion and/or speculation about the reasons why the preliminary estimates were different from later, more refined projections. Unwarranted market speculation or confusion could impact the Company's credit rating, which in turn would directly affect the Company's cost of capital, thus harming both the Company and its ratepayers.

6. Financial projections are necessarily based on a host of assumptions that change over time. If an assumption proves to be inaccurate in any material respect, the projection is likewise inaccurate. The projections at issue here were intended solely for internal use by Company management who understand the limitations of financial forecasting. The projections were never intended to be disseminated to the public, where the Company has no ability to explain the underlying assumptions and how they may have changed since the forecasts were prepared.

7. Disclosure of confidential internal financial information also raises questions regarding compliance with the SEC fair disclosure requirements imposed by "Regulation FD." *See* 17 CFR §243.100. The information contained in the financial projections has been kept confidential, and if it is made public in this proceeding, the Company may have an obligation to

take steps to ensure that there can be no claim of selective disclosure. If the Company is required to affirmatively publicize the forecasts, it would give the incorrect impression that they were intended for public dissemination, when they in fact were never intended to be used by the public to evaluate the Company's future financial performance. The resulting potential for market confusion and speculation would be very damaging to the Company and its ratepayers.

8. The Documents also contain information relating to Florida Progress' potential business strategies in divesting of certain noncore businesses, the disclosure of which would impair its negotiating position vis-a-vis potential buyers. It could also encourage speculation regarding whether or not Florida Progress intends to divest of additional noncore businesses, resulting in market volatility. Premature disclosure of this information could also disrupt the ongoing operations of these businesses by generating concern and confusion among employees.

9. Parts of my testimony relate to assumptions underlying Florida Power's strategic business plan. (Myers confidential transcript at 33:7-9,18-20; 34:15-20). Disclosure of this information could harm the Company's competitive interests, since it would give competitors access to at least some of the information on which the Company's business decisions are based. Disclosure could also generate market speculation and/or confusion, because analysts may formulate their own assessment of these underlying assumptions, or because the accuracy or inaccuracy of the assumptions will become known with the passage of time.

10. A portion of my testimony relates to estimated revenues and profits from the Company's power marketing sales. (Myers confidential transcript at 29:11-21). Public disclosure of the specific profit margin estimated to be derived from a specific amount of revenue is highly proprietary and confidential. Competitors could use this information to target existing and prospective customers, while prospective buyers could use this information in

negotiating contract terms and prices. Disclosure of this information would harm the Company's competitive interests.

11. For all of these reasons, the information should be kept confidential to avoid harm to the Company and its ratepayers.

This concludes my affidavit.



MARK A. MYERS

Sworn to and subscribed before me this 12th day of February, 2002, by Mark A. Myers,
 who is personally known to me or who has produced _____
 _____ as identification.

Anne M. Sheloski
 NOTARY PUBLIC

ANNE M. SHELOSKI
 Type or Print Name

My Commission Expires: _____



Anne M. Sheloski
 MY COMMISSION # CC725907 EXPIRES
 April 12, 2002
 BONDED THRU TROY FAIN INSURANCE, INC.