

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost  
recovery clause and generating performance  
incentive factor

Docket No.: 080001-EI  
Date: August 21, 2008

**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 Third Request for Production of Documents to Gulf Power Company (Nos. 11-12). As grounds for this request, the Company states:

1. On July 23, 2008, Commission Staff issued its Third Request for Production of Documents to Gulf Power Company (Nos. 11-12).

2. Portions of the information submitted by Gulf Power in response to requests numbered 11 and 12 of Commission Staff's Third Request for Production is proprietary

confidential business information regarding contractual matters which would cause irreparable

harm to Gulf Power, the entity with whom it has contracted and most importantly to Gulf's

customers if such information was disclosed to the general public. The information is entitled to

confidential classification pursuant to section 366.093(3) (d) and (e), Florida Statutes.

Specifically, the information consists of a confidential coal supply contract between Gulf Power

and one of its coal suppliers and correspondence between Gulf Power and the supplier

incorporating certain terms of the contract. The contract is subject to a confidentiality agreement

and is considered by Gulf and the counterparty as confidential in its entirety. The disclosure of

the contract and the correspondence citing to the contract would negatively impact Gulf's future

ability to negotiate pricing and other terms favorable to its customers. In addition, potential

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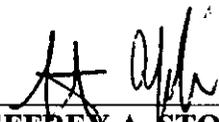
counterparties may refuse to enter into contracts with Gulf or may charge higher prices if the contract terms were made public.

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

4. Submitted as Exhibit "A" are copies of the subject documents. The contract is not highlighted, as it is confidential in its entirety. The confidential portions of the correspondence are highlighted. Exhibit "A" should be treated as confidential pending a ruling on this request. Attached as Exhibit "B" are two (2) edited copies of the subject documents, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line/field-by-field justification for the request for confidential classification.

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

Respectfully submitted this 21<sup>st</sup> day of August, 2008.

  
\_\_\_\_\_  
**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**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished by U. S mail this 21<sup>st</sup> day of August, 2008, on the following:

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Progress Energy Service Co.  
P. O. Box 14042  
St. Petersburg FL 33733-4042

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Florida Public Utilities Company  
P. O. Box 3395  
West Palm Beach FL 33402-3395

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Tallahassee FL 32314-5256

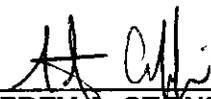
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**JEFFREY A. STONE**  
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(850) 432-2451  
**Attorneys for Gulf Power Company**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost  
recovery clause and generating performance  
incentive factor

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Docket No.: 080001-EI  
Date: August 21, 2008

**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

**EXHIBIT "A"**

Provided to the Commission Clerk  
under separate cover as confidential information

**EXHIBIT "B"**

**COAL SUPPLY CONTRACT BETWEEN  
GULF POWER COMPANY  
AND  
COAL SUPPLIER**

The subject contract, including all graphs, diagrams, charges and appendices, is confidential in its entirety.

Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520  
Tel 850-444-6332

210.87.13



*Energy to Serve Your World*

April 14, 2008

Mr. B J Cornelius  
Senior Vice President  
The American Coal Company  
101 Prosperous Place, Suite 125  
Lexington, Kentucky 40509

Mr. Robert E. Murray, Chairman  
President and Chief Executive Officer  
Murray Energy Corporation  
29325 Boulevard, Suite 300  
Pepper Pike Ohio, 44122

RE: COAL SUPPLY AGREEMENT DATED OCTOBER 5, 2006  
BETWEEN GULF POWER COMPANY AND THE AMERICAN COAL COMPANY

Dear Sirs:

In a letter dated January 29, 2008, Gulf Power Company indicated that the 2007 tonnage shortfall was 403,771.06 tons. Below is status of the March YTD make-up shipments and the remaining tonnage for the 2007 make-up tonnage.

January-March 2008	21 Trains	271,111.08 tons
April 2008	5 Trains	60,000.00 tons
May 2008	6 Trains	72,659.98 tons
Total		403,771.06 tons

Gulf expected the 2007 make-up tons to be completed by April 30, 2008 so the 2008 tonnage shipments could begin. However, Gulf was notified by phone on March 17, 2008 of mandatory rail car lease maintenance to be performed during April on 1 of American's 2 trains. With only 1 train set operating in April, American would be able to ship only 75,000 tons (6 train loads) which is half of the expected tonnage. Gulf found this unacceptable and was in the process of securing a replacement train set to be used by American in April to move the total expected tonnage.

On April 2, 2008, Gulf was notified of a Long Wall move that would start in April and be completed between April 21 and May 1. This would reduce the April shipments to approx. 60,000 tons or 5 trains and would eliminate the need for the Gulf replacement train set. Because of these issues, the 2007 make-up tonnage is projected to be completed in May so the 2008 shipments can begin.

Gulf Power expects American to complete the 2007 make up tonnage as early as possible in May 2008 and immediately begin shipping the 2008 tonnage requirement of 1,200,000 tons.

Mr. B. J. Cornelius  
April 14, 2008  
Page 2 of 2

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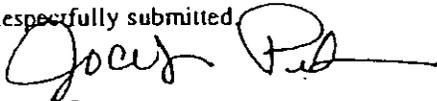
*Based on the foregoing annual quantities, the Quarterly Amount for each Quarter is 300,000 tons.*

Since 100% of the 1<sup>st</sup> quarter 2008 contract tons were not shipped, Gulf considers this to be a tonnage shortfall under the terms of the agreement. Accordingly, Gulf Power is providing notification to Seller of its election to makeup this 1<sup>st</sup> quarter tonnage shortfall. Below is a shipment schedule for the remainder of 2008 that provides for the shipment of the entire annual commitment.

2<sup>nd</sup> quarter 400,000  
3<sup>rd</sup> quarter 400,000  
4<sup>th</sup> quarter 400,000

Your assistance with these issues is greatly appreciated. Please contact me at 850-444-6332 should you have questions or need more information.

Respectfully submitted,



Jocelyh Peters  
Fuel Analyst  
Southern Company Generation  
Fuel Services

cc: Southern Company Generation  
Agent for Gulf Power Company  
H. R. Ball  
J. S. Clayton  
S. B. Ciementsky  
R. K. Dedeaux  
T. D. Howell  
S. Myrick  
D. J. Rouse  
H. T. Swindle

American Coal Company  
E. Lane

6406001-C

Correspondence

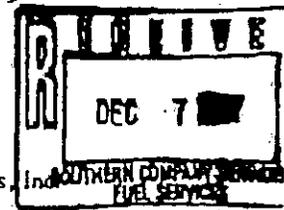
**THE AMERICAN COAL COMPANY**

101 PROSPEROUS PLACE, SUITE 125  
LEXINGTON, KENTUCKY 40509

B.J. CORNELIUS  
Sr. Vice President

PHONE (859) 543-0220  
FAX (859) 543-1720

December 4, 2007



Vice President Fuel Services 14N-8160  
Southern Company Services, Inc.  
PO Box 2641  
Birmingham, AL 35291-8160

Manager Fuel Services  
Southern Company Services, Inc.  
One Energy Place  
Pensacola, FL 32520-0328

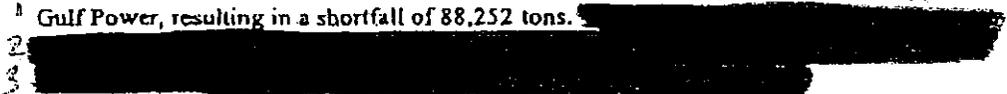
RE: Notice of Force Majeure: Coal Supply Agreement dated October 5, 2006  
between Gulf Power Company and The American Coal Company.

Dear Vice President:

I am writing to update you in regard to the declaration of a Force Majeure event at The American Coal Company's Galatia North Mine. As previously reported in my letters dated August 9, October 4 and November 7, 2007, coal production was halted at the Galatia North Mine due to new seal requirements imposed by the Mine Safety and Health Administration ("MSHA"), and operational delays at Galatia North resulting from the actions of MSHA in response to the new seal requirements. Additionally, on October 13, 2007 a large roof fall (140 feet in length by 40 feet in height) occurred in the set up rooms of the 1 West longwall panel covering the longwall head drive, shearer ranging arm, ramp pan, three conveyor pans, a segment of face chain, shearer cable and a ram. This area remained under a "K" Order issued by MSHA because of the fall and Galatia was finally released November 24, 2007. The mine resumed production and three days later another roof fall occurred on the belt conveyor, which transports coal from the mine to the preparation plant. This fall is expected to be cleaned up by December 9, 2007. However, we anticipate shipping the full production requirement of 100,000 tons in December.

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For the month of November, our records indicate that 11,748 tons were shipped to Gulf Power, resulting in a shortfall of 88,252 tons.



We greatly appreciate your cooperation in this matter, and we regret any inconvenience that this declaration of Force Majeure may cause. If you have any questions, please contact me at the telephone number shown above.

THE GALATIA MINE  
P.O. BOX 727 • HARRISBURG, ILLINOIS 62846

JAN-10-2008 10:55 FROM:

TO: 918504446000

P.3/3

Vice President  
December 4, 2007  
Page 2

Sincerely,

THE AMERICAN COAL COMPANY



B. J. Cornelius  
Sr. Vice President

Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520  
Tel 850-444-6332

210.87.13



*Energy to Serve Your World*

December 12, 2007

Mr. B J Cornelius  
Senior Vice President  
The American Coal Company  
101 Prosperous Place, Suite 125  
Lexington, Kentucky 40509

Mr. Robert E. Murray, Chairman  
President and Chief Executive Officer  
Murray Energy Corporation  
29325 Boulevard, Suite 300  
Pepper Pike Ohio, 44122

RE: Notice of Force Majeure: COAL SUPPLY AGREEMENT DATED OCTOBER 5, 2006  
BETWEEN GULF POWER COMPANY AND THE AMERICAN COAL COMPANY

Dear Sirs:

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Gulf Power Company acknowledges receipt of your November 7, 2007 correspondence referencing Force  
1 Majeure events at the American Coal Company- Galatia Mine. [REDACTED]

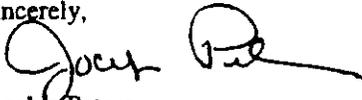
2 [REDACTED]  
3 ... Gulf Power Company elects to receive the make up tonnage. The fuel  
accounting data for the period ending November 30, 2007 indicates the current shortfall to be 401,384 tons. The  
December projected loadings of 92,000 tons will increase the estimated CY2007 shortfall to about 409,384 tons.

4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 ... Gulf Power expects the Shortfall Tons as the first shipments of 2008 at the 4<sup>th</sup> quarter  
CY2007 pricing. The CY2008 obligations will begin shipping at the CY2008 price immediately following the  
completion of the actual shortfall tonnage. Gulf Power expects the shipment of all 2008 tons; however, should  
there be any 2008 tonnage shortfall, those tons will be addressed at the end of CY2008.

Mr. B J Cornelius  
December 12, 2007  
Page 2 of 2

If you have questions or wish to discuss this matter, please do not hesitate to contact me at (850) 444-6332.

Sincerely,



Jocelyn Peters  
Fuel Analyst  
Southern Company Generation  
Fuel Services

cc: Southern Company Generation  
Agent for Gulf Power Company  
H. R. Ball  
T. D. Howell  
D. J. Rouse  
H. T. Swindle  
R. K. Dedeaux  
File: GU06001-C American Galatia- Corres.



**THE AMERICAN COAL COMPANY**

101 PROSPEROUS PLACE, SUITE 125  
LEXINGTON, KENTUCKY 40509

B.J. CORNELIUS  
Sr. Vice President

PHONE (859) 543-9220  
FAX (859) 543-1720

November 7, 2007

Vice President Fuel Services 14N-8160  
Southern Company Services, Inc.  
PO Box 2641  
Birmingham, AL 35291-8160

Manager Fuel Services  
Southern Company Services, Inc.  
One Energy Place  
Pensacola, FL 32520-0328

RE: Notice of Force Majeure: Coal Supply Agreement dated October 5, 2006  
between Gulf Power Company and The American Coal Company.

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In my letter to you dated October 4, 2007 I reported that The American Coal Company expected to start the longwall in Galatia North on October 21, 2007. However, on October 13, 2007 a large roof fall (140 feet in length by 40 feet in height) occurred in the set up rooms of the 1 West longwall panel covering the longwall head drive, shearer ranging arm, ramp pan, three conveyor pans, a segment of face chain, shearer cable and a ram car. At the time of the fall, the Mine was in the process of setting up the longwall in the head gate entry. The area is currently under a 'K' Order issued by MSHA because of the fall.

Mine personnel were able to mobilize quickly after the October 13<sup>th</sup> roof fall, but the sheer magnitude of the fall has made the clean up efforts very time consuming. I am happy to report that at this time, most of the rock and debris from the roof fall has been removed. As a result, we are hopeful that the longwall can begin production on November 12, 2007. I will keep you advised of additional developments as they occur.

THE GALATIA MINE  
P.O. BOX 727 • HARRISBURG, ILLINOIS 62946

A

1 For the month of October, our records indicate that 11,255 tons were shipped to Gulf  
2 Power, resulting in a shortfall of 88,745 tons. [REDACTED]  
3 [REDACTED]

We greatly appreciate your cooperation in this matter, and we regret any inconvenience that this declaration of Force Majeure may cause. If you have any questions, please contact me at the telephone number shown above.

Sincerely,

THE AMERICAN COAL COMPANY



B. J. Cornelius  
Sr. Vice President

**COAL SUPPLY CONTRACT BETWEEN  
GULF POWER COMPANY  
AND  
COAL SUPPLIER**

The contract in its entirety including all graphs, diagrams, charges and appendix are considered confidential and are the subject of this request for confidential classification

EXHIBIT "C"

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

**Line(s)/Field(s)**

**Response to Request # 11**  
Confidential in its entirety.

**Response to Request #12**

Page 421  
Lines 1-4, Column A

Page 423  
Lines 1-3, Column A

Page 425  
Lines 1-7, Column A

Page 429  
Lines 1-3, Column A

**Justification**

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 2.

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COMMISSIONERS:  
MATTHEW M. CARTER II, CHAIRMAN  
LISA POLAK EDGAR  
KATRINA J. MCMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

STATE OF FLORIDA



OFFICE OF COMMISSION CLERK  
ANN COLE  
COMMISSION CLERK  
(850) 413-6770

**Public Service Commission**

**ACKNOWLEDGEMENT**

DATE: August 25, 2008

TO: Susan Ritenour, Jeffrey A. Stone, Gulf Power Company

FROM: Ruth Nettles, Office of Commission Clerk

RE: Acknowledgement of Receipt of Confidential Filing

This will acknowledge receipt of a **CONFIDENTIAL DOCUMENT** filed in Docket Number 080001 or, if filed in an undocketed matter, concerning certain information submitted in response to staff's 3<sup>rd</sup> request for PODs (Nos. 11-12), and filed on behalf of Gulf Power Company. The document will be maintained in locked storage.

If you have any questions regarding this document, please contact Marguerite Lockard, Deputy Clerk, at (850) 413-6770.

DOCUMENT NUMBER - DATE  
07623 AUG 22 08  
FPSC-COMMISSION CLERK

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850  
An Affirmative Action/Equal Opportunity Employer

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Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)