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July 31, 2009

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

Dear Ms. Cole:

Re: Docket No. 080410-EG

Enclosed for official filing in the above referenced docket on behalf of Gulf Power Company, is the original and fifteen copies of the Request for Confidential Classification for certain portions of Staff's Eighth Set of Interrogatories (Nos. 40-98), filed by FedEx overnight delivery.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

mv

Enclosures

COM _____cc : Beggs and Lane
ECR _____ Jeffrey A. Stone
GCL 1
OPC _____
RCP _____
SSC _____
SGA 12
ADM _____
CLK 1

DOCUMENT NUMBER DATE
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Commission Review of Numeric
Conservation Goals for Gulf Power
Company**)
)
)
)

Docket No.: **080410-EG**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 31st day of July, 2009, on the following:

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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric
conservation goals (Gulf Power Company)

Docket No.: 080410-EG
Filed: July 31, 2009

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 Eighth Set of Interrogatories to Gulf Power Company (Nos. 40-98). As grounds for this request, the Company states:

1. On July 13, 2009, Gulf Power filed a Notice of Intent to Request Confidential Classification of information submitted in response to interrogatories numbered 46, 48, and 49 of Commission Staff's Eighth Set of Interrogatories pursuant to Rule 25-22.006, F.A.C. Because the documents are still in possession of the Commission Staff, Gulf files this Request for Confidential Classification pursuant to Rule 25-22.006(3)(a)1, F.A.C.

2. A portion of Gulf Power Company's responses to interrogatory numbers 46, 48, and 49 contain proprietary confidential business information relating to competitive interests, the disclosure of which would impair the competitive business of Gulf Power and its affiliates. The information is entitled to confidential classification pursuant to section 366.093(d)-(e), Florida Statutes. Specifically, the confidential information consists of Gulf Power's projections of annual price streams for carbon dioxide allowances. Public disclosure of this information could give fuel and equipment vendors, as well as potential competitors, a competitive advantage over the Company and its customers. Additionally, all of the subject cost estimates have been produced with the assistance of an economic consulting firm using proprietary models and

DOCUMENT NUMBER-DATE

07945 AUG-3 09

FPSC-COMMISSION CLERK

confidential data, both the use by and application of the models to the Company are subject to a confidentiality agreement.

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 which have highlighted to reflect the confidential information. 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.



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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric
conservation goals (Gulf Power Company)

Docket No.: 080410-EG
Filed: July 31, 2009

REQUEST FOR CONFIDENTIAL CLASSIFICATION

EXHIBIT "A"

Provided to the Commission Clerk
under separate cover as confidential information.

EXHIBIT "B"

46. Please refer to Exhibit JNF-1, Schedule 10, attached to Mr. Floyd's testimony. Please complete the following table, for each sensitivity in Schedule 10, regarding the estimated price of CO₂ emissions and the emission rate used annually.

ANSWER:

						A	B	C	D	E	
	Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	Cost of CO ₂ (10\$/Ton)						████	████	████	████	████
2	Cost of CO ₂ (20\$/Ton)						████	████	████	████	████
3	Cost of CO ₂ (30\$/Ton)						████	████	████	████	████
	CO ₂ Emission Rate ¹ (Ton/MWh)					.402	.402	.402	.402	.402	.402

1. The CO₂ emission rate provided is for the combined cycle unit with a heat rate of 6,874 BTU/kWh designated as Gulf's avoided unit. The emission rate is a function of the CO₂ content of natural gas (117.1 lbs/MMBtu) and the heat rate of the unit.

2. Annual CO₂ cost projections are being provided pursuant to a separate Notice of Intent to Request Confidential Classification.

48. Please compare Gulf's CO₂ cost estimates with the Congressional Budget Office's CO₂ cost estimates under H.R. 2454.

ANSWER:

The Congressional Budget Office's study of H.R. 2454 released on June 5, 2009 included estimates of allowance prices that could result from H.R. 2454. As noted in the answer to interrogatory No. 47, other analyses of this bill show that CO₂ allowance prices could be significantly higher. The CBO study contains projected CO₂ allowance prices for the period 2011 through 2019 and are shown along with Gulf's CO₂ estimates in the table below.

						A	B	C	D	E
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1 Cost of CO ₂ (10\$/Ton)						██████	██████	██████	██████	██████
2 Cost of CO ₂ (20\$/Ton)						██████	██████	██████	██████	██████
3 Cost of CO ₂ (30\$/Ton)						██████	██████	██████	██████	██████
Cost of CO ₂ CBO Study		\$11	\$12	\$13	\$14	\$19	\$21	\$22	\$24	\$26

1. Annual CO₂ cost projections are being provided pursuant to a separate Notice of Intent to Request Confidential Classification.

49. How would the use of the Congressional Budget Office's CO₂ cost estimates under H.R.2454 affect Gulf's DSM goals? Please explain or describe the reasons why Gulf believes it is appropriate to include costs for carbon when setting goals.

ANSWER:

The CBO cost estimates associated with H.R. 2454 are slightly lower than Gulf's base case "\$20 per ton" assumptions. The CBO values, however, are only provided through 2019 so a full comparison cannot be made. Based on the values through 2019 and the way Gulf incorporated the assumed CO₂ costs as a benefit in the evaluations of measures (as described in response to staff's seventh set of interrogatories No. 39), a lower value for CO₂ would tend to decrease the benefit associated with an energy efficiency measure and generally lead to lower cost-effectiveness results of energy saving measures. Lower cost-effectiveness results would impact goals by having less measures included in the achievable potential results and, for the RIM portfolio, lower the incentive levels for the measures that are cost-effective. A table showing the values of the CBO estimates associated with H.R 2454 and Gulf's base case "\$20 per ton" CO₂ estimates are shown below:

						A	B	C	D	E
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cost of CO ₂ (20\$/Ton)										
Cost of CO ₂ CBO Study		\$11	\$12	\$13	\$14	\$19	\$21	\$22	\$24	\$26

The decision to include carbon costs when setting goals was based on Commission staff guidance.

1. Annual CO₂ cost projections are being provided pursuant to a separate Notice of Intent to Request Confidential Classification.

46. Please refer to Exhibit JNF-1, Schedule 10, attached to Mr. Floyd's testimony. Please complete the following table, for each sensitivity in Schedule 10, regarding the estimated price of CO₂ emissions and the emission rate used annually.

ANSWER:

						A	B	C	D	E
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1 Cost of CO ₂ (10\$/Ton)						██████	██████	██████	██████	██████
2 Cost of CO ₂ (20\$/Ton)						██████	██████	██████	██████	██████
3 Cost of CO ₂ (30\$/Ton)						██████	██████	██████	██████	██████
CO ₂ Emission Rate ¹ (Ton/MWh)					.402	.402	.402	.402	.402	.402

1. The CO₂ emission rate provided is for the combined cycle unit with a heat rate of 6,874 BTU/kWh designated as Gulf's avoided unit. The emission rate is a function of the CO₂ content of natural gas (117.1 lbs/MMBtu) and the heat rate of the unit.

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48. Please compare Gulf's CO₂ cost estimates with the Congressional Budget Office's CO₂ cost estimates under H.R. 2454.

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						A	B	C	D	E	
	Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	Cost of CO ₂ (10\$/Ton)										
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ANSWER:

The CBO cost estimates associated with H.R. 2454 are slightly lower than Gulf's base case "\$20 per ton" assumptions. The CBO values, however, are only provided through 2019 so a full comparison cannot be made. Based on the values through 2019 and the way Gulf incorporated the assumed CO₂ costs as a benefit in the evaluations of measures (as described in response to staff's seventh set of interrogatories No. 39), a lower value for CO₂ would tend to decrease the benefit associated with an energy efficiency measure and generally lead to lower cost-effectiveness results of energy saving measures. Lower cost-effectiveness results would impact goals by having less measures included in the achievable potential results and, for the RIM portfolio, lower the incentive levels for the measures that are cost-effective. A table showing the values of the CBO estimates associated with H.R 2454 and Gulf's base case "\$20 per ton" CO₂ estimates are shown below:

						A	B	C	D	E
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cost of CO ₂ (20\$/Ton)						██████	██████	██████	██████	██████
Cost of CO ₂ CBO Study		\$11	\$12	\$13	\$14	\$19	\$21	\$22	\$24	\$26

The decision to include carbon costs when setting goals was based on Commission staff guidance.

1. Annual CO₂ cost projections are being provided pursuant to a separate Notice of Intent to Request Confidential Classification.

EXHIBIT "C"

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

Line(s)/Field(s)

Response to Interrogatory #46

Page 1 of 1, Lines 1-3, Columns A through E

Response to Interrogatory # 48

Page 1 of 1, Lines 1-3, Columns A through E

Response to Interrogatory #49

Page 1 of 1, Line 1, Columns A through E

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.

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
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(850) 413-6770

Public Service Commission

ACKNOWLEDGEMENT

DATE: August 3, 2009

TO: Susan D. Ritenour, 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 080410 or, if filed in an undocketed matter, concerning certain portions of answers to staff's 8th set of Interrogatories, Nos. 40-98, 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.

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07946 AUG-3 09
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