

Kenneth M. Rubin Senior Attorney Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 (561) 691-2512 (561) 691-7135 (Facsimile)

November 30, 2010

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# VIA HAND DELIVERY

Ms. Ann Cole Commission Clerk Florida Public Service Commission Betty Easley Conference Center 2540 Shumard Oak Boulevard, Room 110 Tallahassee, FL 32399-0850

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For DN <u>09038-19</u>, which is in locked storage. You must be authorized to view this DN.-CLK

Re: Docket No. 100405-EI

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are an original and seven (7) copies of FPL's Request for Confidential Classification of Certain Information Provided in Response to Staff's Second Data Request. The original includes Exhibits A through D.

Exhibit A consists of the confidential documents, and all the information that FPL asserts is entitled to confidential treatment has been highlighted. Exhibit A is provided in a separate envelope marked "Exhibit A – Confidential." Exhibit B is an edited version of Exhibit A, in which the information FPL asserts is confidential has been redacted. Exhibit C consists of a justification table in support of FPL's Request for Confidential Classification. Exhibit D contains one affidavit in support of FPL's Request for Confidential Classification. Also included in this filing is a compact disc containing FPL's Request for Confidential Classification and Exhibit C only, in Microsoft Word format.

COM Please contact me if you or your Staff has any questions regarding this filing. ICP containing request and exhibit C. (091037-10) APA (ECR) Sincerely, GCL RAD SSC Kenneth M. Rubin ADM Senior Attorney Florida Power & Light Company OPC CLK nclosures cc: Counsel of parties of record, w/out exhibits

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FPSC-COMMISSION CLERK

#### **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In Re: Application of Florida Power & Light Company for Authority to Issue and Sell Securities During the Calendar Year 2011 Pursuant to Section 366.04, Florida Statutes and Chapter 25-8, Florida Administrative Code

Docket No. 100405-EI

Filed: November 30, 2010

# FLORIDA POWER & LIGHT COMPANY'S REQUEST FOR EXTENSION OF CONFIDENTIAL CLASSIFICATION OF CERTAIN INFORMATION PROVIDED IN RESPONSE TO STAFF'S SECOND DATA REQUEST

NOW BEFORE THIS COMMISSION, through the undersigned counsel, Florida Power & Light Company ("FPL"), pursuant to Rule 25-22.006, Florida Administrative Code and section 366.093, Florida Statutes, hereby submits its Request for Extension of Confidential Classification of certain information provided to the Staff of the Florida Public Service Commission ("Staff") in response to Questions 1, 3, and 4 of Staff's Second Data Request dated November 2, 2010. In support of this Request for Confidential Classification, FPL states as follows:

1. On November 9, 2010 FPL filed a Notice of Intent to Request Confidential Classification of a portion of the above referenced discovery and FPL's responses (the "Confidential Information"). Pursuant to Rule 25-22.006(3)(a), FPL has 21 days from the date of filing its Notice of Intent to file a Request for Confidential Classification. FPL is filing this request pursuant to Rule 25-22.006(3)(a) and Rule 25-22.006(4), Florida Administrative Code.

2. The following exhibits are included herewith and made a part hereof:

a. Exhibit A consists of the documents for which FPL seeks confidential treatment. All information in Exhibit A that FPL asserts is entitled to confidential treatment has been highlighted.

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b. Exhibit B consists of edited versions of the documents for which FPL seeks confidential treatment. All information for which FPL requests confidential treatment has been redacted in Exhibit B.

c. Exhibit C is a table containing a line-by-line and page-by-page identification of the information for which confidential treatment is sought and, with regard to each document or portion thereof, references to the specific statutory basis or bases for the claim of confidentiality and to the affidavit in support of the requested classification.

d. Exhibit D includes the affidavit of Gregory T. Hanlon in support of this request.

3. FPL submits that the Confidential Information is proprietary confidential business information within the meaning of section 366.093(3), Florida Statutes. Section 366.093(3), Florida Statutes, defines confidential information as information that is intended to be and is treated by the company as private in that the disclosure of the information would cause harm to the ratepayers or the company's business operations, and has not been publicly disclosed. The Confidential Information is intended to be and its disclosure would cause harm to FPL as private, its confidentiality has been maintained, and its disclosure would cause harm to FPL and its customers. Pursuant to section 366.093, Florida Statutes, such materials are entitled to confidential treatment and are exempt from section 119.07(1), Florida Statutes. Thus, once the Commission determines that the information in question is proprietary confidential business information, the Commission is not required to engage in any further analysis or review such as weighing the harm of disclosure against the public interest in access to the information.

4. As the affidavit included in Revised Exhibit D indicates, the materials contain information relating to competitive interests, the disclosure of which would impair the

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competitive business of the provider of the information. Specifically, the documents or materials contain specific financial data and estimated market share information, the disclosure of which would give FPL Services, LLC's ("FPLS LLC's") competitors an unfair advantage in the marketplace. Competitors' financial information of similar nature is not typically available or accessible in the marketplace. By examining this confidential financial information and estimated market share information, competitors could gain understanding of FPLS LLC's business models. Such information is protected by Section 366.093(3)(e), Florida Statutes.

5. Upon a finding by the Commission that the Confidential Information remains proprietary and confidential business information, the information should not be declassified for a period of at least eighteen (18) months and should be returned to FPL as soon as it is no longer necessary for the Commission to conduct its business. *See* § 366.093(4), Fla. Stat.

WHEREFORE, for the above and forgoing reasons, as more fully set forth in the supporting materials and affidavits included herewith and incorporated herein by reference, Florida Power & Light Company respectfully requests that its First Request for Extension of Confidential Classification be granted.

Respectfully submitted,

Kenneth M. Rubin, Senior Attorney Ilan G. Kaufer, Attorney for Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408 Telephone: (561) 691-2512 Facsimile: (561) 691-7135

Kenneth M. Rubin Florida Bar No. 349038

# **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of this Request for Confidential Classification (without exhibits) was served via hand delivery this 30th day of November, 2010 to the following:

Katherine Fleming, Esquire Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-1400

By: a

Kenneth M. Rubin Florida Bar No. 349038

# **ATTACHMENT "A"**

# **CONFIDENTIAL FILED UNDER SEPARATE COVER**

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# **EDITED VERSION**

**ATTACHMENT "B"** 

#### FPL's Response to Staff's Second Data Request

Docket No. 100405-EI - Application for Authority to Issue and Sell Securities During Calendar Year 2011 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida Power & Light Company.

# Question 1:

Please explain or describe whether FPL Services LLC could gain an unfair advantage in the marketplace if its financing needs are provided through FPL.

## **FPL Response:**

As described in FPL's response to FPSC Staff Question 4 below, FPL Services LLC ("FPLS LLC") receives financing support from its parent company FPL on an as-needed basis. That support takes the form of short-term working capital funding and infrequent parent guarantees that certain governmental customers sometimes require to support FPLS LLC's energy efficiency savings guarantees. Such financing support from FPL does not provide FPLS LLC with any unfair advantage vis-à-vis the broadly-competitive energy services company ("ESCO") marketplace in which FPLS LLC participates. Indeed, many of the other participants in the ESCO market are strong Fortune 500 companies with an established national presence and significantly more resources than FPLS LLC, some of which are identified in FPL's response to FPSC Staff Question 2 below. Additionally, FPL LLC estimates that it holds a relatively small market share position within FPL's service territory of approximately to the market place, nor does it expect to gain any unfair advantage in the market place, resulting from financing support provided by FPL.

#### **Question 2:**

Please identify and name the competitors of FPL Services LLC.

#### FPL Response:

The competitors of FPLS LLC include, but are not limited to, the following major market participants: Ameresco, Inc., BGA, Inc., Chevron Energy Solutions, Honeywell, Johnson Controls, Inc., Siemens Building Technologies, Inc., Schneider Electric Building Americas, Inc., Energy Systems Group, Constellation, ConEdison, and Trane.

FPL Response to FPSC Staff Data Request Nov. 2, 2010 Docket No. 100405-EI DOCLMENT NUMBER DATE 0 9637 NOV 30 2 FPSC-COMMISSION CLERK

# / <u>Question 3:</u>

2 Please identify and state the amounts of revenue and assets of FPL Services LLC.

# 3 FPL Response:

For the year ended December 31, 2009, the revenues of FPLS LLC were roughly
As of December 31, 2009 the assets of FPLS LLC were roughly
accounts receivable.

# 7 Question 4:

What is the extent of expected financing or loan guarantees by FPL for FPL Services LLC?

# FPL Response:

FPL provides FPLS LLC with short term working capital to fund its day-to-day operations. FPLS LLC bills customers at project milestones, and the revenues recovered through these payments are included above the line. All customer payments to FPLS LLC are deposited into FPL's general fund and are invested or utilized as needed by FPL for the benefit of FPL customers.

FPL does not provide and does not expect to provide FPLS LLC with loan guarantees. On certain infrequent occasions, FPL does provide FPLS LLC with performance guarantees in connection with energy savings projects (in particular, when serving governmental customers). FPLS LLC anticipates that it will have approximately savings guarantees in place by year-end 2010, and will have an additional approximately in guarantees in guarantees in place by year-end 2011.

# **Question 5:**

At what point does FPL estimate that financing support from FPL for unregulated subsidiaries could adversely affect FPL's credit profile?

# FPL Response:

All revenues and expenses of FPL's subsidiaries (with one exception discussed below<sup>1</sup>) are rolled up into FPL's financial records, recorded above the line on the books of FPL, and included for ratemaking, regulatory assessment fees, and earnings surveillance purposes. Thus, all such FPL subsidiaries aside from the one recent exception as noted in

<sup>&</sup>lt;sup>1</sup> FPL Historical Museum, Inc. presently remains a subsidiary of FPL. However, following FPL's last rate case, the financial treatment of all expenses associated with this subsidiary have been moved below the line. Ultimately this subsidiary will become a subsidiary of NextEra Energy, Inc.

FPL Response to FPSC Staff Data Request Nov. 2, 2010 Docket No. 100405-EI

footnote 1 (including FPLS LLC) are subsidiaries regulated by the FPSC<sup>2</sup>. Since FPL does not provide financing support for unregulated subsidiaries, questions concerning the credit impact of financing support for unregulated subsidiaries do not pertain to FPL.

#### **Question 6:**

Please explain or describe the benefits to FPL and its customers of having FPL Services LLC as a subsidiary of FPL and having FPL provide for the financing of FPL Services LLC as opposed to having FPL Services LLC as a subsidiary of a NextEra entity other than FPL and having the financing for FPL Services provided by a NextEra entity other than FPL.

## FPL Response:

FPL and its customers benefit from having FPLS LLC as a subsidiary of FPL. FPLS LLC provides energy efficiency, water conservation and renewable energy solutions for commercial, governmental and industrial customers within FPL's service territory. In nearly all FPLS LLC projects, customers implement energy conservation measures that utilize FPL's Demand Side Management programs.

FPL customers derive additional benefit from having FPLS LLC as a subsidiary of FPL because FPLS LLC's revenues are recorded above the line on FPL's books and are included in FPL's cost of service for ratemaking purposes. Since the revenues received from FPLS LLC are received from contracts designed to recover costs plus a profit margin, FPL's customers receive the benefit associated with having the net revenues of FPLS LLC count for purposes of setting base rates, thereby lowering the utility's overall revenue requirements. Additionally, FPLS LLC's revenues were included for purposes of calculating revenue sharing amounts under the settlement agreements that governed FPL's base rates from 1999 through 2009, and they are included for purposes of calculating the regulatory assessment fee paid to the Commission.

If FPLS LLC were to become an unregulated affiliate of a NextEra entity rather than remaining a regulated subsidiary of FPL, customers would lose the positive financial impact FPLS LLC has had on rates over many years as discussed in the preceding paragraph. Furthermore, FPL customers who take advantage of the services offered by FPLS LLC would lose the convenience and efficiency of being able to work directly with their electric service provider to obtain those beneficial energy efficiency, water conservation and renewable energy services.

<sup>&</sup>lt;sup>2</sup> This concept of "regulated subsidiary" is applied to all of FPL's responses to Staff's Second Data Request and for all purposes relative to FPL's pending Application for authority to issue and sell securities during calendar year 2011 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C. in FPSC Docket No. 100405-E1.

FPL Response to FPSC Staff Data Request Nov. 2, 2010 Docket No. 100405-E1

## **Question 7:**

Please state whether FPL allocates its financing costs to FPL Services LLC. If so, how?

## FPL Response:

There is no allocation of FPL's financing costs; rather, FPLS LLC's revenues and expenses are included on FPL's books, which benefits FPL's customers as more fully discussed in FPL's response to FPSC Staff Question 6 above.

## **Question 8:**

Please explain or describe how FPL accounts for, or records, financing activity, including guarantees, for unregulated subsidiaries.

# **FPL Response:**

As noted in FPL's response to FPSC Staff Question 5, all of FPL's subsidiaries (with the one exception noted in footnote 1) are regulated subsidiaries, and as a result FPL does not provide any financing or guarantees for any unregulated subsidiary.

## **Question 9:**

Please explain or describe whether FPL would object to the following language being included in the financing Order.

"FPL confirms with respect to the current Application that the capital raised pursuant to FPL's Application will be used solely for regulated activities of FPL and not unregulated activities of its subsidiaries or affiliates."

# FPL Response:

FPL believes the quoted language is unnecessary since any capital raised pursuant to the Application will be used in connection with the activities of FPL and FPL's regulated subsidiaries, and not in connection with the unregulated activities of FPL's non-subsidiary affiliates. As explained above, FPL does not have any unregulated subsidiaries (subject to the one recent exception noted above). As a result, FPL confirms that any capital raised pursuant to FPL's Application will only be used in connection with the activities of FPL's regulated subsidiaries.

Prior Commission Orders have addressed this specific issue with the inclusion of the following language: "In connection with this application, FPL confirms that the capital raised pursuant to the application will be used in connection with the activities of FPL

FPL Response to FPSC Staff Data Request Nov. 2, 2010 Docket No. 100405-E1 and not the unregulated activities of its affiliates." (See for example page 8 of Order No. PSC-09-0838-FOF-EI issued December 21, 2009 in Docket No. 090494-EI and page 6 of Order No. PSC-08-0801-FOF-EI issued December 3, 2008 in Docket No.080621-EI). In the event the Commission chooses to vary from its established precedent on this point, FPL submits that the following addition would directly address the issue raised by Question 9: "In connection with this application, FPL confirms that the capital raised pursuant to the application will be used in connection with the activities of FPL and <u>FPL's regulated subsidiaries</u> and not the unregulated activities of its <u>unregulated subsidiary or affiliates.</u>"

FPL Response to FPSC Staff Data Request Nov. 2, 2010 Docket No. 100405-EI

# EXHIBIT C

COMPANY:	Florida Power & Light Company
TITLE:	Confidential Documents for Staff's Second Data Request dated November
	2, 2010
DOCKET NO.	100405- El

Document	No. of	Conf.	Line	Florida	Affiant
	Pages	Y/N	No./Colum	Statute	Maria ang kabupatèn di Penghapatén di Penghapatén di Penghapatén di Penghapatén di Penghapatén di Penghapatén d Pang kabupatén di Penghapatén di Penghapatén di Penghapatén di Penghapatén di Penghapatén di Penghapatén di Peng
			n No.	366.093 (3) Subsection	
		Y	Pg. 1, Line 20	(e)	G. Hanlon
FPL's Response to Staff's Second Data Request	5	Y	Pg. 2, Lines 4- 5, 18, and 20	(e)	G. Hanlon
		N	Pg. 3-5	N/A	

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#### EXHIBIT D

#### **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In Re: Application of Florida Power & Light Company for Authority to Issue and Sell Securities During the Calendar Year 2011 Pursuant to Section 366.04, Florida Statutes and Chapter 25-8, Florida Administrative Code

Docket No. 100405-EI

STATE OF FLORIDA

#### **AFFIDAVIT OF GREGORY T. HANLON**

MIAMI-DADE COUNTY

**BEFORE ME**, the undersigned authority, personally appeared Gregory T. Hanlon who, being first duly sworn, deposes and says:

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1. My name is Gregory T. Hanlon. I am currently employed by FPL Services, LLC ("FPLS LLC") as Vice President and General Manager. I have personal knowledge of the matters stated in this affidavit.

2. I have reviewed Exhibit C and the documents that are included in Exhibit A to FPL's Request for Confidential Classification of Information Provided in Connection with FPL's Response to Staff's Second Data Request. The documents or materials that I have reviewed, and which are asserted by FPL to be proprietary confidential business information, contain information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information. Specifically, the documents or materials contain specific financial data and estimated market share information, the disclosure of which would give FPLS LLC's competitors' an unfair advantage in the marketplace. Competitors' financial information of similar nature is not typically available or accessible in the marketplace. By examining this confidential financial information and estimated market share information, competitors could gain understanding of FPLS LLC's business models. Therefore, disclosure of this information would directly impair FPLS LLC's competitive interests. To the best of my knowledge, FPLS LLC has maintained the confidentiality of these documents and materials.

3. Consistent with the provisions of the Florida Administrative Code, such materials should remain confidential for a period of not less than 18 months. In addition, these materials should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business so that FPL can continue to maintain the confidentiality of these documents.

4. Affiant says nothing further.

Gregory T. Hanlon

SWORN TO AND SUBSCRIBED before me this 29 day of November 2010, by Gregory T. Hanlon, who is personally known to me or who has produced M H 545 - 280 - 61 - 327 a (type of identification) as identification and who did take an oath

	otary Public, State of Florida
My Commission Expires	DOCUMENT NUMBER CATE
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State of Florida



Public Service Commission

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Kenneth M. Rubin 700 Universe Blvd. Juno Beach FL 33408

Re: Acknowledgement of Confidential Filing in Docket No. 100405-El

This will acknowledge receipt by the Florida Public Service Commission, Office of Commission Clerk, of a CONFIDENTIAL DOCUMENT filed on November 30, 2010, in the above-referenced docket.

Document Number 09638-10 has been assigned to this filing, which will be maintained in locked storage.

If you have any questions regarding this document, please contact Kim Peña, Records Management Assistant, at (850) 413-6393.