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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

11 MAY 23 PM 4: 04

COMMISSION CLERK

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

Docket No. 110001-EI

Dated: May 23, 2011

PROGRESS ENERGY FLORIDA INC.'S REQUEST FOR CONFIDENTIAL CLASSIFICATION

Progress Energy Florida, Inc., ("PEF" or "Company"), pursuant to Section 366.093, Florida Statutes (F.S.), and Rule 25-22.006, Florida Administrative Code (F.A.C.), submits this Request for Confidential Classification for certain information provided in response to Staff's First Request for Production of Documents (Nos. 1-13) propounded on PEF. In support of this Request, PEF states:

1. In response to Staff's First Request for Production of Documents, PEF has provided responses containing information that is "proprietary business information" under Section 366.093(3), Florida Statutes.

2. The following exhibits are included with this request:

(a) Sealed Composite Exhibit A is a package containing unredacted copies of all the documents for which PEF seeks confidential treatment. Composite Exhibit A is being submitted separately in a sealed envelope labeled "CONFIDENTIAL." In the unredacted versions, the information asserted to be confidential is highlighted by yellow marker.

COM (b) (c)	Composite Exhibit B is a package containing ty	vo copies of redacted versions
ECR of the documents for GCL	which the Company requests confidential	classification. The specific
RAD information for which c SSC	onfidential treatment is requested has been blo claim of confidentiality	ocked out by opaque marker or
ADM other means.	notice of intent request for confidentiality	DOCUMENT NUMBER-DATE
OPC	For DN 03597-11 which	03596 MAY 23 =
-T.	For DN <u>DDDT</u> is in locked storage. You must be authorized to view this DNCLK	FPSC-COMMISSION CLERK

(c) Exhibit C is a table which identifies by page and line the information for which PEF seeks confidential classification and the specific statutory bases for seeking confidential treatment.

3. As indicated in Exhibit C, the information for which PEF 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 competitively negotiated data, such as RFP bid evaluations, coal contracts, transportation-related contracts, and pricing, the disclosure of which would impair the efforts of the Company or its affiliates to negotiate fuel supply contracts on favorable terms. *See* § 366.093(3)(d), F.S.; Affidavit of Joseph McCallister at ¶ 5. Affidavit of Brett Phipps at ¶ 5. Furthermore, the information at issue relates to the competitive interests of PEF and its fuel suppliers, the disclosure of which would impair their competitive businesses. *Id.* § 366.093(3)(e); Affidavit of Joseph McCallister at ¶ 6. Affidavit of Brett Phipps at ¶ 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. The information identified as Exhibit "A" is intended to be and is treated as confidential by the Company. See Affidavit of Joseph McCallister at ¶ 7. See Affidavit of Brett Phipps at ¶ 7. The information has not been disclosed to the public, and the Company has treated and continues to treat the information and contracts at issue as confidential. See Affidavit of Joseph McCallister at ¶ 7. See Affidavit of Brett Phipps at ¶ 7.

5. PEF 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, PEF respectfully requests that this Request for

Confidential Classification be granted.

RESPECTFULLY SUBMITTED this 23rd day of May, 2011.

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R. ALEXANDER GLENN General Counsel JOHN T. BURNETT Associate General Counsel Progress Energy Service Company, LLC Post Office Box 14042 St. Petersburg, Florida 33733-4042 Telephone: 727-820-5184 Facsimile: 727-820-5249 Email: john.burnett@pgnmail.com

Attorneys for PROGRESS ENERGY FLORIDA, INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via US Mail (* via hand delivery) to the following this 23rd day of May, 2011.

Lisa Bennett, Esq. * Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 Ibennett@psc.state.fl.us

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AFFIRM Dan Moore 316 Maxwell Road, Suite 400 Alpharetta, GA 30009 dmoore@esoconsult.com

Exhibit B

REDACTED

DOCUMENT NUMBER-DATE

FPSC-COMMISSION CLERK

REDACTED

PEF-11FL-00005 through PEF-11FL-00014 STAFF'S 1st POD #2

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PEF-11FL-00015 through PEF-11FL-00116 STAFF'S 1st POD #3

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PEF-11FL-00117 through PEF-11FL-00438 STAFF'S 1st POD #4

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STAFF 1st POD

#6

Docket No. 110001

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RFP# FPC-LT-051210

Executive Summary – Dated June 25, 2010

High Level Overview

To ensure that PEF has a reliable and competitively-priced long-term natural gas supply portfolio to meet forecasted gas-fired generation needs. This transaction complies with the FPO – PEF Procurement Targets.

General Terms

Buyer Seller Product	PER Natural Gas Supply
Term Service	January 1, 2011 – December 31, 2013 (36 months) Firm Baseload
Primary Receipt Point	Enterprise TX – Magnet Withers into FGT (FGT Zone 1)
Quantity & Price	
Quantity	PEF's FGT Zone 1 Contract Volume plus FGT Fuel (Based on currently effective FGT fuel of 3.47% the average daily volume is 18,270 MMBtu/day)
Commodity Charge	NYMEX Last Day Settle minus \$0.0325
Estimated Contract value	Based on June 11, 2010 forward prices the value is \$114.5 million for a total estimated contracted volume of approximately 20.0 Bcf.

Summary Discussion

PEF currently has three transportation agreements with Florida Gas Transmission ("FGT") with the Matagorda Offshore Pipeline System ("MOPS") interconnect with FGT in Refugio County, TX (FGT Zone 1) as a primary receipt point. PEF's firm transportation capacity at MOPS – FGT Refugio varies by month from a minimum of 16,118 MMBtu/day to a maximum of 18,086 MMBtu/day. In March 2010, Northern Natural Gas Company ("NNG"), operator of MOPS, filed with FERC for the authority to abandon MOPS due to NNG's position that MOPS has become uneconomic to operate. The filing requested that the abandonment be effective December 31, 2010. Given this development, PEF discussed the process with FGT to establish new Zone 1 primary receipt points given the MOPS system will not be operated. FGT has agreed to relocate PEF's primary receipt point capacity at MOPS to an alternate FGT Zone 1 receipt point that has available capacity. In addition,

To determine potential alternate Zone 1 primary points for consideration, and to procure reliable and competitively-priced FGT Zone 1 natural gas supply, PEF issued RFP # FPC-LT-051210,

> DOCUMENT NUMBER-CATE 03596 MAY 23 = PEF-11FL-00442

FPSC-COMMISSION CLERK-

RFP# FPC-LT-051210

. The Enterprise – Magnet Withers

interconnect is in Matagorda County, TX and has a design capacity of 100,000 MMBtu/day. As PEF has to request FGT to move the existing Zone 1 primary receipt point under its transportation agreements from MOPS to the Enterprise – Magnet Withers receipt point, the transaction contains a condition that FGT approves and makes PEF's primary receipt point the Enterprise – Magnet Withers receipt point replacing MOPs. Per discussions with FGT, PEF believes that the risk of not being able to move the primary receipt point as requested is low.

A credit exception was requested and approved. In addition, due to the term and estimated cost of the transaction based on market prices as of June 11, 2010, this transaction requires approval by the Vice President – Fuels and Power Optimization.

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RFP# FPC-LT-051210

transportation upstream of the proposed point of sale were deemed to have more reliability supply and less risk than bidders that did not have this firm transportation for all or a portion of the gas to the point of sale. Lastly, the location of the point of sell was also a consideration that could impact flexibility and reliability.

RFP Review and Selection Process

The proposals were summarized and reviewed based on pricing and reliability offered by the bidders in response to the RFP.



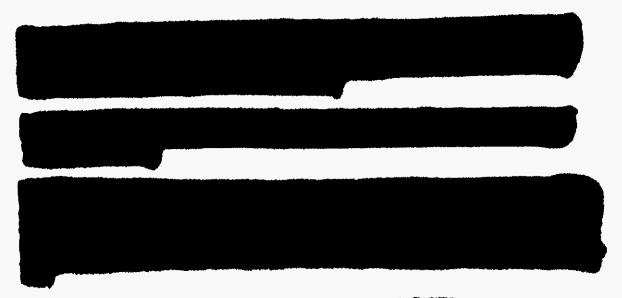
With respect to the remaining bidders, in order to ensure that PEF was making relative apples to apples comparisons with respect to reliability factors, PEF had discussions with the top five bidders from a pricing perspective for various periods after the initial review. Bidders provided bids for certain annual periods of the three year period from January 1, 2011 through December 2013 as well as bids for the entire three year period. For its initial pricing review, PEF was not ready to perform a full cost comparison until further discussions took place with these companies to make sure that there was a clear understanding of the reliability factors before proceeding with the final review.

PEF follow-up discussions with these companies are

summarized below:



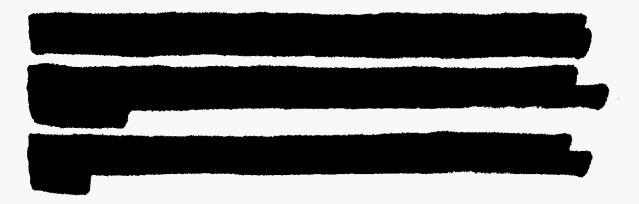
RFP# FPC-LT-051210



After having these discussions, on a relative basis, PEF ranked the basis having the highest supply reliability as all the gas is being supplied from onshore sources, they stated they have firm transportation for the full amount of the gas being supplied to the proposed point of sale to PEF, and could supply 100% of the gas for the full three year term. Also, the state they indicated they could provide additional pricing based on NYMEX is preferred by PEF. In summary, the other companies were not supplying 100% of the gas from onshore sources, did not have firm transportation for all the gas being supplied the point of sale to PEF, and did not provide options for the entire three periods.

After having these discussions, PEF requested updated pricing from

summary of the updated proposals.



After reviewing the updated proposals, the proposal was selected as it was the estimated least cost option with superior supply reliability. Their proposal provides PEF the best pricing for the three year term, is sourced from onshore sources and provides firm primary transportation rights to the point of sale to support the entire PEF volumes on FGT in Zone 1.

RFP# FPC-LT-051210

Once the agreement with **Constant of** is executed, PEF will notify FGT to move the primary PEF's primary receipt points in Zone 1 to the interconnect with Enterprise at Magnet Withers. Although no issues are expected to move PEF's primary rights to this point, the agreement will include a contingency for PEF to be able to terminate the agreement if FGT is unable to move the point. Per discussions with FGT, PEF believes that the risk of not being able to move the primary receipt point as requested is low.

Analysis	
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FGT Zone 1 - Baseload - Jan. 2011-Dec. 2013

Counterparty: Commodity Price: Reservation Price (Demand Charge): NA Location: FGT Zone 1 - Enterprise Magnet Withere/FGT (DRN # 647618) Estimated Deal Value: As of 6/11/10 @ close

Alter and Le	¥8.		Dally	Monthly	Demand	Total		Estimated		100% Lo
Month	Year	Days	Volume*	Volume	Charge	Demand	NYMEX	Basis**	Adder	Factor
January	2011	31			\$0.0000	\$0	\$5.0900			T III
February March	2011	28			\$0.0000	\$0	\$5.6340			
April	2011 2011	31			\$0.0000	\$0	\$5.5120			
May	2011	30			\$0.0000	\$0	\$5.2640			
June	2011	31			\$0.0000	\$0	\$5.2780		4	
July	2011	30			\$0,0000	\$0	\$5.3200			
Sugus!		31			\$0.0000	\$0	\$6.3720			
	2011	31			\$0.0000	\$0	\$5,4140			
September October	2011	30			\$0.0000	\$0	\$5.4430			
November	2011	31		. 1	\$0.0000	\$0	\$5.5280			
	2011	30			\$0.0000	\$0	\$5.7480			
December	2011	31			\$0.0000	\$0	\$5.9950			
Jenuary	2012	31			\$0.0000	\$0	\$0.1740			
February	2012	20			\$0.0000	\$0	\$6.1090			
Viarch	2012	31			\$0.0000	\$0	\$5.9390			
ind/	2012	30			\$0.0000	\$0	\$5.4B4D			
Aay	2012	31			\$0.0000	\$0	\$5.4880			
luno	2012	30			\$0.0000	\$0	\$5.5210		1	
huly	2012	31			\$0.0000	\$0	\$5 5810			
August	2012	31			\$0.0000	\$0	\$5.0260			
eptember	2012	30			\$0.0000	\$0	\$5.0510			
clober	2012	31			\$0.0000	\$0	\$5,7440			
lovembor	2012	30			\$0.0000	\$0	\$5.9490			
ecomber 9	2012	31			\$0.0000	\$0	\$8,1740			
Anuary	2013	31			\$0.0000	\$0	\$8.3540			
ebruary	2013	28			\$9.0000	\$0	\$6.2040			
lanch	2013	31			\$0.0000	\$0	\$6,1040			
pril	2013	30			\$0.0000	\$0	\$5.6390			
lay	2013	31			\$0.0000	ŝõ	\$5.6240			
Ine	2013	30			\$0.0000	\$0	\$5.6840			
lly	2013	31			\$0.0000	\$0	\$5,7250			
laugu	2013	31			\$0.0000	\$0	\$5.7750			- 1
epiember	2013	30			\$0.0000	\$0	\$5.0000			
ctober	2013	31			\$0.0000	\$ 0	\$5.8990			1
Dvember	2013	30			\$0.0000	\$0	\$8 1150			
redmode	2013	31			\$0.0000	\$0	\$6.3510			
					Total	\$0	40.0010			\$114,510,13
				Table					ومشتون الم	
				F 0(8)	Deal (100% L	1)				\$114,510,13

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Commodity Price: Reservation Price (Demand Charge): N/A Location: FGT Zone 1 - Enterprise Magnet Withers/FGT (DRN # 847618) Estimated Dest Value: As of 6/11/10 @ close

		-		Monthly	Demand	Total		Estimated	Adder	100% Loas Factor
Month	Year	Daya	Volume*	Volume	Charge	Demand	NYMEX	Basis**	Adder	Fector
Jenuery	2011	31			\$0.0000	\$0	\$5.6860		<pre></pre>	
February	2011	28			\$0.0000	\$0	\$5.6340			
March	2011	31			\$0.0000	\$0	\$5,5120			
April	2011	30			\$0.0000	\$0	\$5.2640			1
May	2011	31			\$0.0000	\$9	\$5.2780			
funo	2011	30			\$0.0000	\$0	\$5.3200			
July	2011	31			\$0.0000	\$0	\$5.3720			
August	2011	31			\$0.0000	\$0	\$5.414D			
September	2011	30			\$0.0000	\$0	\$5.4430			
October	2011	31			\$0.0000	\$0	\$5.5290			
November	2011	30			\$0.0000	\$0	\$5.7480			
December	2011	31			\$0.0000	\$0	\$5.9960		}	
January	2012	31			\$0.0000	\$0	\$8.1740			
ebruery	2012	29			\$0.0000	\$0	\$6.1090			
March	2012	31			\$0.0000	\$0	\$5.9390		1	
\orli	2012	30			50.0000	\$0	\$5 4840			
Any	2012	31			\$9.0000	\$0	\$5.4880			
Jurie	2012	30			\$9.0000	\$0	\$5.5210		1	
July	2012	31			\$9.0000	\$0	\$5.5810			
August	2012	31			\$0.0000	\$0	\$5.6280			
September	2012	30			\$0.0000	\$0	\$5.6510			
Octobor	2012	31			\$9.0000	\$0	\$5,7440			
Vovember	2012	30			\$0.0000	\$0	\$5,9490			
Jecember	2012	31			\$0.0000	\$0	\$6.1740		1	
anuary	2013	31			\$0.0000	\$0	\$0.354D		1	
obruary	2013	28			\$9.0000	\$0	\$6,2940			
Aarch .	2013	31			\$0.0000	50	\$6.104D		1	
Voriti -	2013	30			\$0.0000	\$0	\$5,6390			
Aay	2013	31			\$9.0000	ŝõ	\$5.6240			
มกอ	2013	30			\$0.0000	\$0	\$5.6840			
uhy	2013	31			\$0.0000	ŝõ	\$5.7250			
Wavel	2013	31			\$0.0000	\$0	\$5.7760			
optember	2013	30			\$0.0000	\$0	\$6.8080			
Clober	2013	31			\$0.0000	\$0	\$5,6990			
lovambar	2013	30			\$0.0000	\$0	\$8.1150			
ecombor	2013	31			\$0.0000	\$0 \$0	\$0.1100			
					Total	\$0	0.0010			\$114,710,80

Total Deat (100% LF)

\$114,710,889

Recommended Offer to Accepts Counterparty: (

Volume: See Notes

Notos:_ *Volumes include FGT zone 1 contract volumes plus estimated FGT fuel based on the currently effective FGT Fuel Rate of 3.47% (Effective April 1, 2010) Actual volumes will be based on FGT Zone 1 contract volumes plus actual FGF fuel in effect during the delivery month.

"Estimated Basis is based on best available pricing projections at the time of analysis.

FGT Zone 1 Contract Volumes:

<u>180</u> 18,086	Fob 18,086	<u>Mar</u> 17,667	APT 17,122	<u>May</u> 17,676	2005	July	Ayr	Sept	<u>Oct</u>	Nov	Dec
10,000	10,000	17,007	11,122	17,676	17,676	17,676	17,676	17,676	16,118	18,086	18,086

PEF-11FL-00450 STAFF'S 1st POD #6

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PEF-11FL-00469 through PEF-11FL-00471 STAFF'S 1st POD #13

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Exhibit C

PROGRESS ENERGY FLORIDA Confidentiality Justification Matrix

DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
PEF Response to Staff's First Request for Production of Documents (No. 2)	Bates Nos. PEF-11FL- 00005 thru PEF-11FL- 00014: April 2010 coal RFP bid evaluations.	 §366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms. §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.
PEF Response to Staff's First Request for Production of Documents (No. 3)	Bates Nos. PEF-11FL- 00015 thru PEF-11FL- 00116: coal contracts entered into as a result of the April 2010 RFP.	\$366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms. \$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.

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DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
PEF Response to Staff's First Request for Production of Documents (No. 4)	Bates Nos. PEF-11FL- 00117 thru PEF-11FL- 00438: coal transportation- related contracts.	 §366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms. §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.
PEF Response to Staff's First Request for Production of Documents (No. 6)	Bates Nos. PEF-11FL- 00442 thru PEF-11FL- 00450: bid evaluation sheets for NG RFP.	§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms. §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.

DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
Request for Production of Documents (No. 13)0	Bates Nos. PEF-11FL- 00469 thru PEF-11FL- 00471: bid evaluations for Light Oil RFP.	§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms. §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.