

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: 2011 Hedging Activities for  
Progress Energy Florida, Inc. (Audit  
Control No. 11-129-2-2).

Docket No. 110001-EI

Dated: October 14, 2011

**AFFIDAVIT OF JOSEPH McCALLISTER IN SUPPORT OF  
PROGRESS ENERGY FLORIDA'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF WAKE

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BEFORE ME, the undersigned authority duly authorized to administer oaths,  
personally appeared Joseph McCallister, who being first duly sworn, on oath deposes and  
says that:

1. My name is Joseph McCallister. I am over the age of 18 years old and I  
have been authorized by Progress Energy Florida (hereinafter "PEF" or the "Company")  
to give this affidavit in the above-styled proceeding on PEF's behalf and in support of  
PEF's Request for Confidential Classification. The facts attested to in my affidavit are  
based upon my personal knowledge.

2. I am the Director of Gas, Oil and Power in the Fuels and Power  
Optimization Department. This section is responsible for natural gas and fuel oil  
acquisition for both PEF and Progress Energy Carolinas ("PEC") systems.

3. As the Director of Gas, Oil and Power, I am responsible, along with the  
other members of the section, for the management of the gas and oil procurement,  
transportation, hedging activities and administration of gas and oil contracts with various

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suppliers for PEF's and PEC's electrical power generation facilities and short term power trading for both PEC and PEF.

4. PEF is seeking confidential classification for certain information contained in Staff's audit work papers pertaining to PEF's 2011 Hedging Audit (Audit Control No. 11-129-2-2). A detailed description of the confidential information at issue is contained in confidential Exhibit A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Exhibit C. PEF is requesting confidential classification of this information because it contains sensitive business information, the disclosure of which would impair the Company's efforts to negotiate fuel supply contracts on favorable terms and adversely effect PEF's hedging operations.

5. PEF conducts hedging activities and negotiates with potential fuel suppliers to obtain competitive contracts for fuel options that provide economic value to PEF and its ratepayers. PEF must keep company operations confidential, such as internal hedging practices and procedures, hedging volumes and transactions, hedging forecasts, percentages, and pricing information. PEF must also be able to assure fuel suppliers that sensitive information they provide PEF will be kept confidential. With respect to the information at issue in this Request, PEF has kept confidential and has not publicly disclosed confidential information such as internal hedging practices and procedures, hedging volumes and transactions, hedging forecasts, percentages, and pricing information. Absent such measures, PEF and suppliers would run the risk that sensitive business information that they provided would be made available to the public and, as a result, end up in possession of potential competitors. Faced with that risk, persons or

companies who otherwise would contract with PEF might decide not to do so if PEF did not keep this sensitive business information confidential. Without PEF's measures to maintain the confidentiality of sensitive business terms, the Company's efforts to obtain competitive fuel supply contracts could be undermined.


6. Additionally, the disclosure of confidential information of PEF's company operations could adversely impact PEF's competitive business interests. If such information was disclosed, PEF's efforts to obtain competitive fuel supply options that provide economic value to both PEF and its ratepayers could be compromised by PEF's competitors changing their purchasing behavior within the relevant markets.

7. Upon receipt of confidential information from fuel suppliers, and with its own confidential information, strict procedures are established and followed to maintain the confidentiality of the information provided, including restricting access to those persons who need the information to assist the Company, and restricting the number of, and access to the information. At no time has PEF publicly disclosed the information in question. The Company has treated and continues to treat the information at issue as confidential.

8. This concludes my affidavit.

Further affiant sayeth not.

Dated the 11<sup>th</sup> day of October, 2011.

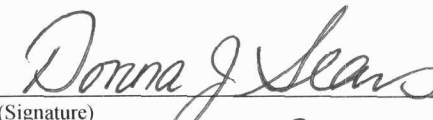
  
\_\_\_\_\_  
(Signature)

Joseph McCallister  
Director – Gas, Oil & Power  
Fuels and Power Optimization Department  
Progress Energy Carolinas  
Post Office Box 1551  
Raleigh, NC. 27602

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 11<sup>th</sup> day of October, 2011 by Joseph McCallister. He is personally known to me, or has produced his \_\_\_\_\_ driver's license, or his \_\_\_\_\_ as identification.



(AFFIX NOTARIAL SEAL)

  
\_\_\_\_\_  
(Signature)

DONNA J. SEARS  
\_\_\_\_\_  
(Printed Name)

NOTARY PUBLIC, STATE OF NC

AUGUST 23, 2014  
\_\_\_\_\_  
(Commission Expiration Date)

\_\_\_\_\_  
(Serial Number, If Any)

**DONNA J. SEARS**  
**NOTARY PUBLIC**  
**Wake County**  
**North Carolina**  
**My Commission Expires Aug. 23, 2014**