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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION
CLERK

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IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 120009-EI
Submitted for Filing: October 25, 2012

**PROGRESS ENERGY FLORIDA, INC.'S ELEVENTH REQUEST FOR
CONFIDENTIAL CLASSIFICATION REGARDING PORTIONS OF THE REVIEW OF
PROGRESS ENERGY FLORIDA, INC.'S PROJECT MANAGEMENT INTERNAL
CONTROLS FOR NUCLEAR PLANT UPRATE AND CONSTRUCTION PROJECTS
AUDIT WORK PAPERS**

Progress Energy Florida, Inc. ("PEF" or the "Company"), pursuant to Sections 366.093, Florida Statutes, and Rule 25-22.006(3), Florida Administrative Code, requests confidential classification of portions of the final work papers of the Florida Public Service Commission Staff ("Staff") Auditors, the Review of Progress Energy Florida, Inc.'s Project Management Internal Controls for Nuclear Plant Uprate and Construction Project Audit Work Papers (the "Work Papers"). The Work Papers contains confidential contractual information, the disclosure of which would impair PEF's competitive business interests and violate PEF's confidentiality agreements with third parties, information gleaned from internal risk analyses and on-going negotiations with vendors and other financial information the disclosure of which would impair the Company's competitive business interests. Accordingly these portions of the Work Papers meet the definition of proprietary confidential business information per section 366.093(3), Florida Statutes. An unredacted copy of the Work Papers is being filed under seal with the

Commission on a confidential basis to keep the competitive business information in those documents confidential.

- COM
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- claim of confidentiality
- notice of intent
- request for confidentiality
- filed by OPC

For DN 07239-12, which is in locked storage. You must be authorized to view this DN.-CLK

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BASIS FOR CONFIDENTIAL CLASSIFICATION

Section 366.093(1), Florida Statutes, provides that “any records received by the Commission which are shown and found by the Commission to be proprietary confidential business information shall be kept confidential and shall be exempt from [the Public Records Act].” Proprietary confidential business information means information that is (i) intended to be and is treated as private confidential information by the Company, (ii) because disclosure of the information would cause harm, (iii) either to the Company’s ratepayers or the Company’s business operation, and (iv) the information has not been voluntarily disclosed to the public. § 366.093(3), Fla. Stat. Specifically, “information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms” is defined as proprietary confidential business information. § 366.093(3)(d), Fla. Stat. Additionally, that statute defines “[i]nternal auditing controls and reports of internal auditors,” and “information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information,” as proprietary confidential business information. §§ 366.093(3)(b) & (e), Fla. Stat.

Portions of the Work Papers should be afforded confidential classification for the reasons set forth in the Affidavit of John Elnitsky filed in support of PEF’s Request, and for the following reasons.

Specifically, related to the sections of the Work Papers covering the Levy Nuclear Project (“LNP”), portions of the Work Papers contain confidential contractual data, including pricing agreements and other confidential contractual financial terms regarding long-lead equipment, the release of which would impair PEF’s competitive business interests, and would further be a violation of the PEF’s confidentiality agreements. See Affidavit of Elnitsky, ¶ 4.

The Work Papers contains information related to work authorization contractual amendments and other contractual data that is subject to confidentiality agreements between PEF and the other contracting parties. PEF negotiates each of its contracts to obtain the most competitive terms available to benefit PEF and its ratepayers. In order to successfully obtain such contracts, however, PEF must be able to assure the other parties to the contracts that the sensitive business information contained therein, such as quantity and pricing terms, will remain confidential. The public disclosure of this information would allow other parties to discover how the Company analyzes risk options, scheduling, and cost, and would impair PEF's ability to contract for such goods and services on competitive and favorable terms. See Affidavit of Elnitsky, ¶¶ 4-5.

Portions of the Work Papers reflect details regarding risk analyses and on-going negotiations. This material includes proprietary confidential information that is not disseminated outside of Senior Management and other employees who need the information to perform their jobs. The information includes, among other things, risk analyses, analyses of the various options PEF has confronted, as well as confidential contractual terms. If such information was disclosed to PEF's competitors and/or other potential suppliers, PEF's efforts to obtain competitive nuclear equipment and service options that provide economic value to both the Company and its customers could be compromised by the Company's competitors and/or suppliers changing their offers, consumption, or purchasing behavior within the relevant markets. PEF has kept confidential and has not publicly disclosed the proprietary terms and provisions at issue here. Absent such measures, PEF would run the risk that sensitive business information regarding what it is willing to pay for certain goods and services, as well as what the Company is willing to accept as payment for certain goods and/or services, would be made available to the

public and, as a result, other potential suppliers, vendors, and/or purchasers of such services could change their position in future negotiations with PEF. Without PEF's measures to maintain the confidentiality of sensitive terms in these contracts, the Company's efforts to obtain competitive contracts would be undermined. In addition, by the terms of these contracts, all parties, including PEF, have agreed to protect the proprietary and confidential information, defined to include pricing arrangements, from public disclosure. Affidavit of Elnitsky, ¶¶ 4-6.

Upon receipt of this 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. At no time since receiving the information in question has the Company publicly disclosed that information. The Company has treated and continues to treat the information at issue as confidential. Affidavit of Elnitsky, ¶ 6.

CONCLUSION

The competitive, confidential information at issue in this Request fits the statutory definition of proprietary confidential business information under Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, and that information should be afforded confidential classification. In support of this Request, PEF has enclosed the following:

- (1) A separate, sealed envelope containing one copy of the confidential Appendix A to PEF's Request for Confidential Classification for which PEF has requested confidential classification with the appropriate section, pages, or lines containing the confidential information highlighted. **This information should be accorded confidential treatment pending a decision on PEF's Request by the Florida Public Service Commission;**

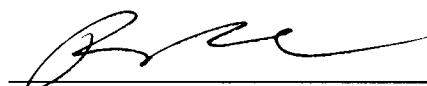
(2) Two copies of the document with the information for which PEF has requested confidential classification redacted by section, page or lines, where appropriate, as Appendix B; and,

(3) A justification matrix supporting PEF's Request for Confidential Classification of the highlighted information contained in confidential Appendix A, as Appendix C.

WHEREFORE, PEF respectfully requests that the redacted portions of the Work Papers be classified as confidential for the reasons set forth above.

Respectfully submitted this 25TH day of October, 2012.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic and U.S. Mail this 25 day of October, 2012.



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PROGRESS ENERGY FLORIDA
In re: Nuclear Cost Recovery Clause
Docket 120009-EI
Eleventh Request for Confidential Classification

Exhibit B

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COM _____
AFD _____
APA _____
ECO _____
ENG _____
GCL _____
IDM _____
TEL _____
CLK _____

DOCUMENT NUMBER - DATE

07238 OCT 24 2012

FPSC-COMMISSION CLERK

-Final Decision expected 2012

-Actions to address Fukushima:

- Seismic update
- Extended loss of power
- Spent fuel
- Staffing level
- caused Mandatory hearing to be delayed 5-6 months.
- Categories are tiered 1, 2, and 3
- Seismic not a problem
- AP1000 well positioned

2012/2013 Key Activities:

- COL expected to be issued April 2013
 - Resoultion of Fukushima
 - Contested and Mandatory Ahearing
- COL Maintenance
- Environmental
- Conduct transmission studies
- Lessons learned

EPC & Fuels Contract Status (Leigh):

- Responsible for project control
- Responsible for estimate
- Responsible for Scheduling
- Responsible for cost engineering

Levy – Estimate/Schedule:

- EPC contract remains in partial suspension
- Fuel contract canceled in December 2011
 - Good time to cancel fuels agreement.

Long Lead Equip Status:

- No manufacturing currently going on LLE
- Each vendor discussed separately as part of EPC
- No LLE PO expected earlier than 2013
- Once schedule agreed on, will be "change order" for LLE schedule
- 2012 [REDACTED]
- 2013 [REDACTED]
- 2024-2025-In-service date

Joint owner update:

- Joint venture meeting to be scheduled following SMC review and approval of 2012 IPP update.

Anticipated on 4/23/12

Q/A Oversight

- Mangiarotti and SPX COPES Vulcan
 - Sub-vendors to westinghouse
 - led to stop work order (more associated with vogle and summer)

-Mangiarotti – June 2010 and December 2010 (stop work)
-SPX- February 2011

-Four NUPIC audits performed (all vendor oversight)
-Levy Internal audit discovered finding in Q/A records-Issue has been resolved
-CH2M Hill audit-two minor findings related to software for Q/A

-2012 planned activities:

- NUPIC audit planned
- Westinghouse and Shaw-Limited scope
- Westinghouse and Shaw-Full scope
- Worley Parsons-S&C-Full scope 2012
- Levy project internal audit 2012-2013
- Done Sept/Oct timeframe

Tripp: Dr-1 What triggered revision?

Bob: Rev 3 2011. Rev 4 submitted in response to 4 & 5 and in response to Fukushima

Tripp: Fukushima have significant impact?

Bob: Less than [REDACTED] hearing costs preparation.

Tripp: ACRS?

Bob: NRC staff 15 on ACRS committee. Work for Commissioners. We (PEF) present our license.

Tripp: Parcels of land?

Bob: Budgeted for [REDACTED] yr, but haven't spent

Tripp: Does shift in schedule affect purchases?

Bob: Going to pursue with ones in agreement with. Land obligations with state tied with easements until receipt of COL.

Tripp: AP1000?

Van: Trying to keep group together.

Tripp: update to the 2024 2025?

Leigh: 2011 was update. Look at bottom-line—was the same for 2024-2025. We took base contracts.

Tripp: Design certification:

Van: Westinghouse still hammering out detail but no other handles. Will have to respond to Fukushima.

Tripp: Dr-5. Where the company is regarding ARIs received with NRC?

Van: All ARIs pre-Fukushima have been issued. 1 RAI left related to Fukushima.

Tripp: All RAIs have been closed?

Van: Yes

Tripp: Get a lot of RAIs on environmental?

Bob: meeting next week for permitting.

Tripp: Risk Feb 15 report-Non-Cola

[REDACTED]

Tripp: DR-7, Where is project in terms with moving forward with negotiation with Westinghouse.

John: Haven't started. Won't move forward with negotiations until IPP.

Tripp: Is there a time requirement.

John: [REDACTED]

Tripp: What does common view as options when looking at EPC?

Tripp: How does Levy aspect play into settlement?

John: Recognize need to establish price certainty. From levy: gives flexibility to focus on license and flexibility to cancel contract. Customer reflect on their rates. Reporting and requirements still done the way its always done.

Tripp: Settlement discuss shift?

John: No-Settlement doesn't drive program record.

Tripp: If SMC approves shift....when will your group deal with timeline?

John: Basically shift every 4 years. 2016---work with contract to make it work. SMC decision should be included in May filing. Intentionally move IPP to later in the year.

Tripp: Current draft to be presented—reflect change in project cost?

Leigh: Rolled other estimates in new one. Escalating factors change for EPC. Assumptions for transmission. Pulled a new number and a range of numbers. A minimum and a maxium. Estimate not signed-off yet. New \$18,846 (2024 in-service date) compared to 17.6 last year.

John: Feasibility study is still in progress. CPVV is one element we look at?

Tripp: IPP?

John: Company wide process to bridge IPP

Tripp: Program execution plan-Discuss

Leigh: Talks about project at a level. Framework to grow overall project. Other execution plan behind it.

John: layers of framework of how going to run things. Levy is a collection of projects. Execution plan will have to be changed to comply with new in-service dates.

Tripp: Long-lead items

Tripp: Progress have Q/A of stored inventory?

Van: Yes-Progress can visit sites and inspection reports

Tripp: RAIs for COLAs specific for plants?

Lewis: Yes, track by plant.

(3) Conclusions:

(4) Date Request(s) Generated:

No. _____

No. _____

No. _____

(5) Follow-up Required:

Project Manager

ATTACHMENT C

PROGRESS ENERGY FLORIDA DOCKET 120009-EI
Eleventh Request for Confidential Classification
Confidentiality Justification Matrix

DOCUMENT	PAGE/LINE/ COLUMN	JUSTIFICATION
Performance Analysis Audits\Nuclear Controls Review 2012\PEF\3.0 Workpapers\3.5 Interview Summaries\3.52 LNP interview	Page 166, 4 th paragraph, last line; 5 th paragraph, 4 th line, all words except first two, 5 th line, all words except first one; Page 167, 16 th line on page, fourth through eleventh words, 20 th line on page, fourth and fifth words, Line 37, 38 and 39 in their entirety, Last line on page, last four words; Page 168, 2 nd and 3 rd lines in their entirety, Lines 25 through 28 in their entirety	§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair PEF's efforts to contract for goods or services on favorable terms. §366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.