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COMMISSION CLERK



November 5, 2013

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

REDACTED

RE: Docket No. 130140-EI

Dear Ms. Cole:

Enclosed for filing in the above referenced docket is Gulf Power Company's Request for Confidential Classification pertaining to certain portions of the testimony and exhibits of the Office of Public Counsel's witness Scott Norwood. Enclosed is a copy of Gulf Power's Request for Confidential Classification and Exhibit "A" which is a justification for confidential treatment of the Confidential Information in Microsoft Word format as prepared on a Windows based system.

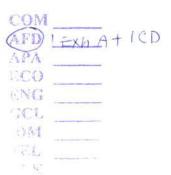
Sincerely,

Robert L. McGee, Jr.

md

Enclosures

cc: Beggs & Lane Jeffrey A. Stone, Esq. Gunster Law Firm Charles A. Guyton, Esq. Richard A. Melson, Esq.



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for increase in rates by Gulf Power Company Docket No.: 130140-EI Date: November 6, 2013

GULF POWER COMPANY'S REQUEST FOR CONFIDENTIAL CLASSIFICATION AND MOTION FOR TEMPORARY PROTECTIVE ORDER

Gulf Power Company ("Gulf Power" or "the Company"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, hereby requests confidential classification of certain portions of the testimony of Office of Public Counsel's witness Scott Norwood filed on October 16, 2013. Confidential portions of Mr. Norwood's testimony have been highlighted and placed within the accompanying envelope bearing the label "CONFIDENTIAL" ("Confidential Information"). The contents of this envelope should be treated as confidential.

Notice of Intent to Request Confidential Classification

On October 16, 2013, Gulf Power filed a Notice of Intent to Request Confidential Classification of Mr. Norwood's testimony and exhibits. (Document No. 06268-13). Pursuant to Rule 25-22.0006(3)(a), Florida Administrative Code, Gulf has 21 days from the date of the Notice of Intent to file a formal request for confidential classification. Accordingly, Gulf is filing this Request for Confidential Classification to maintain continued confidential treatment of portions of the information contained in the testimony of Mr. Norwood.

Description of the Document(s)

The Confidential Information relates to Gulf Power's transmission system and multiple planned transmission projects. This information is contained in various portions of Mr.

Norwood's testimony. The Confidential Information is identified with specificity on Exhibit "A" to this Request. In support of this request, the Company states:

 Subsection 366.093(1), Florida Statutes, provides that any records "found by the Commission to be propriety confidential business information shall be kept confidential and shall be exempt from s. 119.07(1), Florida Statutes [requiring disclosure under the Public Records Act]." Proprietary confidential business information includes, but is not limited to "[i]nformation concerning . . . 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." § 366.093(3)(d), Florida Statutes. Proprietary confidential business information also includes "[i]information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information" and "security measures, systems, or procedures." § 366.093(3)(c) and (e), Florida Statutes. The Confidential Information that is the subject of this request and motion falls within the statutory categories and, thus, constitutes propriety confidential business information entitled to protection under Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code.

 Attached hereto as Exhibit "A" is a justification for confidential treatment of the Confidential Information.

3. Attached hereto as Exhibit "B" are two public versions of the Document(s) with the Confidential Information redacted, unless previously filed as indicated.

4. The Confidential Information is intended to be and is treated by Gulf Power as private and, to this attorney's knowledge, has not been publicly disclosed.

5. For the same reasons set forth herein in support of its request for confidential classification, Gulf Power also moves the Commission for entry of a temporary protective order

pursuant to Rule 25-22.006(6)(c), Florida Administrative Code, protecting the Confidential Information from public disclosure.

Requested Duration of Confidential Classification

6. Gulf Power requests that the Confidential Information be treated by the Commission as confidential proprietary business information for at least the 18 month period prescribed in Rule 25-22.006(9)(a), Florida Administrative Code. If, and to the extent that the Company is in need of confidential classification of the Confidential Information beyond the 18 month period set forth in the Commission rule, the justification and grounds for such extended confidential treatment are set forth in Exhibit "C" to this request and motion.

WHEREFORE, Gulf Power Company respectfully requests that the Confidential Information that is the subject of this request and motion be accorded confidential classification for the reasons set forth herein and for a minimum period of 18 months, subject to any request for a longer period of confidential classification as may be set forth in Exhibit "C" to this request and motion. The company further moves for the entry of a temporary protective order pursuant to Rule 25-22.006(6)(c), Florida Administrative Code, protecting the Confidential Information from public disclosure.

DATED this 5th day of November, 2013.

Respectfully submitted,

1 CSW in

JEFFREY A. STONE jas@beggslane.com Florida Bar No. 325953 RUSSELL A. BADDERS rab@beggslane.com Florida Bar No. 007455 STEVEN R. GRIFFIN srg@beggslane.com Florida Bar No. 0627569 Beggs & Lane P. O. Box 12950 Pensacola, FL 32591 (850) 432-2451 Attorneys for Gulf Power Company

EXHIBIT "A"

JUSTIFICATION FOR CONFIDENTIAL TREATMENT OF PORTIONS OF TESTIMONY OF OPC WITNESS NORWOOD

Page and Exhibit Nos.	Detailed Description	Rationale
 Page 8, lines 15 and 17	All highlighted information	(1)
Page 9, lines 1 and 3	All highlighted information	(1)
Page 17, line 23	All highlighted information	(2)
Page 19, lines 1-6 and 9-12; Page 20 line 15; Page 21 lines 7-9 and 13-16; Page 22 lines 1, 5-6, and 14	All highlighted information	(3)
Exhibit SN-2 "Gulf Power Company Ten Year Transmission Plans."	Confidential in its entirety	(4)
Exhibit SN-3 "System Control Policy on Generator Must-Run Requirements."	All highlighted information	(1)
Exhibit SN-6 "Gulf Crist and Smith Update, October 1, 2012"	Confidential in its entirety	(2), (3)

- (1) This information relates to certain "Must Run" requirements at Plants Crist and Smith which are necessary to maintain the reliability of Gulf Power's transmission system. These system reliability risks/requirements are considered Critical Energy Infrastructure Information as defined by the Federal Energy Regulatory Commission. Disclosure of this non-public information could pose a security risk to Gulf's system and to the bulk electric system as a whole whether through cyber-attack, physical attack or some combination thereof. This information is subject to confidential classification pursuant to section 366.093(3)(c), Florida Statutes.
- (2) This information portrays potential fuel cost savings resulting from the elimination of Must-Run requirements at Plant Smith. Wholesale competitors as well as suppliers of commodities and services could utilize this information to undermine Gulf's bargaining position in the markets where Gulf must compete to obtain commodities and services or make purchases or sales of wholesale power. This information is subject to confidential classification pursuant to section 366.093(3)(e), Florida Statutes.
- (3) This information derives from a preliminary economic analysis concerning MATs compliance options for Plant Smith Units 1 and 2. As noted in Gulf's testimony in this proceeding, Gulf has not made a final decision concerning MATs compliance options at Plant Smith and Gulf's economic analysis is subject to change based upon the impacts of future EPA rulemakings. Premature disclosure of this preliminary information could lead

to unwarranted conclusions throughout the energy marketplace about Gulf's intentions for MATs compliance at Plant Smith. This, in turn, could negatively impact Gulf's ability to compete in the capacity markets. Additionally, this information contains capacity price forecast assumptions. These forecasts are based on non-public data, were developed at significant cost to the Company, and are considered proprietary by Gulf Power, the Southern Company and their consultants. Public disclosure of this information would enable competitors to access and utilize Gulf's forecasts without incurring costs to obtain similar information, thus bestowing an economic advantage upon such competitors. Additionally, public disclosure of this information would enable vendors of commodities and services to tailor their pricing proposals to the Company's projections, resulting in higher costs for the Company and its customers. Finally, generation wholesalers, power marketers or other competitors could utilize this information to tailor proposals with the intention of pricing products that could undermine the Company's market position. This information is subject to confidential classification pursuant to section 366.093(3)(e), Florida Statutes.

(4) Gulf Power's Ten Year Transmission Plan is a forward looking document which sets forth in great detail potential vulnerabilities in Gulf Power's transmission system along with numerous detailed options for addressing those potential vulnerabilities. The system reliability risks/requirements discussed in this Plan are considered Critical Energy Infrastructure Information as defined by the Federal Energy Regulatory Commission. Disclosure of this non-public information could pose a security risk to Gulf's system and to the bulk electric system as a whole whether through cyber-attack, physical attack or some combination thereof. This information is subject to confidential classification pursuant to section 366.093(3)(c), Florida Statutes. Additionally, premature disclosure of the details surrounding planned equipment purchases and projected capital costs could negatively impact Gulf's ability to obtain favorable pricing with vendors of such equipment. This information is subject to confidential classification pursuant to section 366.093(3)(e), Florida Statutes.

PUBLIC VERSION(S) OF THE DOCUMENT(S)

Attached hereto (unless previously filed as may be noted below) are two public versions of the Document(s) with the Confidential Information redacted.

Public Version(s) of the Document(s) attached X_____

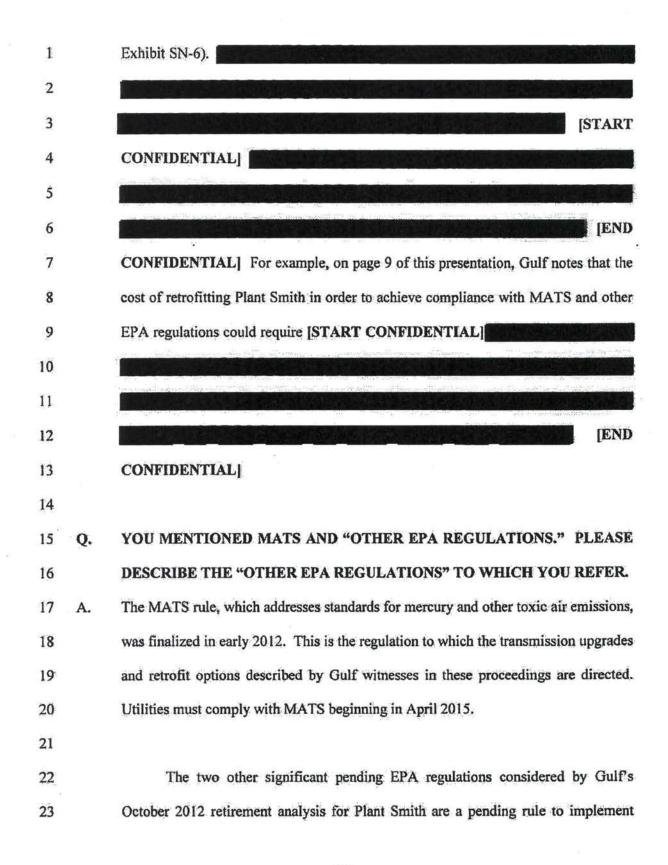
Public Version(s) of the Document(s) previously filed on _____

1	А.	Yes. Gulf installed a flue gas desulfurization system ("scrubber") in 2009, which
2		serves all four coal units at Plant Crist. Gulf has indicated that with this existing
3		scrubber system the Plant Crist units are capable of meeting MATS requirements,
4		except in instances when the scrubber is out of service. Gulf has also indicated that it
5		would be required to shut down the plant (or add other controls) to meet MATS
6		requirements during such scrubber outage periods.
7		
8	Q.	WHICH MATS-RESPONSE OPTIONS DID GULF CONSIDER FOR PLANT
9		CRIST IN ITS UPDATED COMPLIANCE PLAN ANALYSIS?
10	A.	Gulf evaluated four MATS-response options for Plant Crist. These options are
11		described in Gulf's Compliance Report (Vick Exhibit JOV-1, pages 17-18 of 34) as
12	÷	follows:
13		
14		Option 1: Conversion of the Crist units along with the addition of a gas pipeline to
15		allow Gulf to produce MW while burning natural gas;
16		
17		Option 2: Conversion to allow production of MW while burning natural gas (no
18		new gas pipeline), with the addition of activated carbon injection ("ACI") plus dry
19		sorbent injection ("DSI") for partially converting to natural gas, along with adding
20		ACI/DSI controls plus the use of ultra-low sulfur coal to achieve MATS compliance;
21		

a 2

		N2	
1		Option 3: Conversion to allow production of MW while burning natural gas (no	
2		new gas pipeline), plus certain transmission additions to reduce the Must-Run	
3		requirements to WW; and	
4			
5		Option 4: Construct the transmission upgrades necessary to eliminate the Must-Run	
6		requirements that Gulf applies to the Crist units.	
7			
8	Q.	WHICH OF THE FOUR RESPONSE ALTERNATIVES EVALUATED BY	
9		GULF WAS SELECTED AS THE PREFERRED MATS RESPONSE	
10	÷	STRATEGY FOR PLANT CRIST?	
11	A.	Gulf's analysis indicates that Option 4, the "Transmission Only" plan, would achieve	
12		what it terms as "MATS compliance" at the lowest reasonable cost of the four options	
13		considered (See Revised September 24, 2013 Compliance Report, Table 3.3-1, page	
14		20 of 34).	
15			
16	Q.	WHAT ARE THE TRANSMISSION UPGRADES WHICH GULF PLANS TO	
17		INSTALL UNDER WHAT IT DESCRIBES AS PLANT CRIST MATS	
18		COMPLIANCE OPTION 4?	
19	А.	The transmission upgrades evaluated in MATS-response Option 4 for Plant Crist	
20		include the installation of a new 60-mile, 230 kV transmission line from the	
21		Company's Alligator Swamp substation north to the Florida-Alabama state line near	
22		Brewton, Alabama, along with a Static Var Compensator ("SVC") and a Capacitor	
23	×	Bank for voltage regulation during contingencies in the Pensacola service area (See	
		9	
		2	

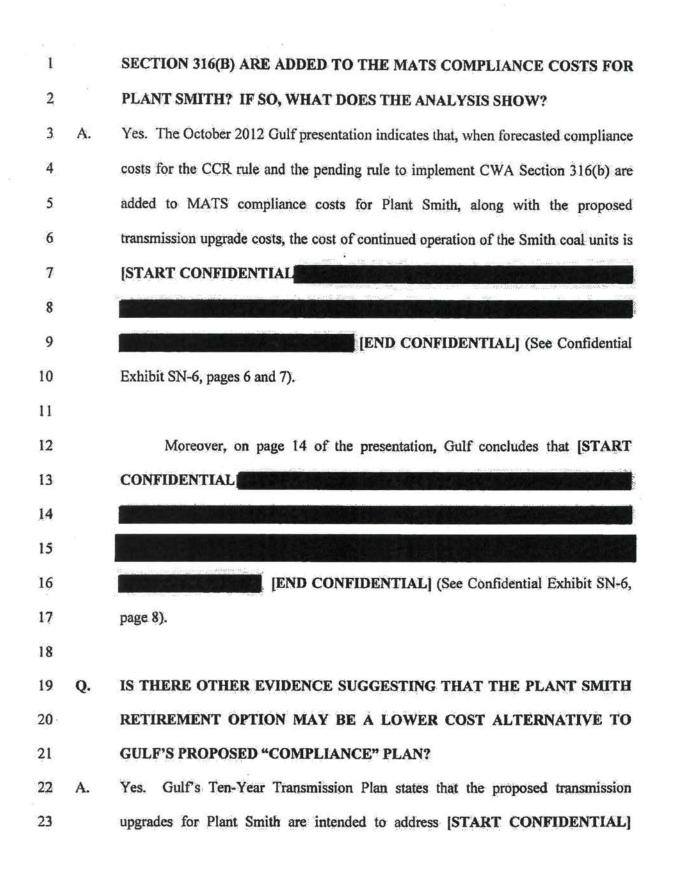
1	Q.	WHAT ARE YOUR CONCLUSIONS REGARDING GULF'S ANALYSIS OF
2		THE BENEFITS OF ELIMINATING MUST-RUN OPERATING
3		CONSTRAINTS AT PLANT CRIST AND PLANT SMITH?
4	A.	Gulf has not provided an adequate basis to demonstrate that its Must-Run policies for
5		Plant Crist and Plant Smith are reasonable or necessary, or to support the
6		reasonableness of its forecasts of the benefits of eliminating Must-Run constraints as
7		reflected in the Company's environmental compliance analyses.
8		
9		For these reasons, the Company has no basis for demonstrating that its Must-
10		Run policies are reasonable or necessary, or that the forecasted Must-Run levels
11		reflected in Gulf's environmental response analyses are reasonable.
12		
13	Q,	WHY ARE THESE MUST-RUN CRITERIA RELEVANT IN DETERMINING
14		THE PRUDENCE OF WHAT GULF DESCRIBES AS ITS PROPOSED
15		ENVIRONMENTAL COMPLIANCE PLAN EXPENDITURES?
16	Α.	The primary reason why Gulf's analyses for Plant Crist and Plant Smith indicate that
17		the proposed transmission upgrades are justified is that these upgrades would
18		effectively eliminate the Must-Run operating constraints that apply to these units and,
19		therefore, produce fuel savings by eliminating periods when the plants are operated
20		for Must-Run purposes even though other lower cost resources are available. For
21		example, Gulf's analyses for Plant Smith forecasts that the fuel cost savings benefit
22		resulting from the elimination of the Must-Run requirement will range from [START
23		CONFIDENTIAL]



1 Section 316(b) of the Clean Water Act ("CWA"), which would establish standards to 2 minimize the impact of power plant cooling water intake structures on aquatic organisms, and EPA's pending Coal Combustion Residuals ("CCR") rule, which 3 addresses regulation of coal ash and other wastes arising from coal combustion and 4 5 air pollution control systems, such as scrubbers. The final CCR rule could require 6 significant investments to improve the integrity of on-site storage areas for coal ash 7 and other wastes. The pending rule to implement CWA Section 316(b) could 8 ultimately require that plants add closed cycle cooling water systems, such as cooling 9 towers, in instances where existing power plant cooling water intake structures are found to adversely impact aquatic organisms. Recent industry reports suggest that the 10 pending rule to implement CWA Section 316(b) may be finalized by the end of 2013, 11 12 while the EPA's CCR rule is expected to be finalized in 2014. Although Gulf's 13 October 2012 retirement analysis indicates that the potential cost of compliance with 14 these two pending environmental rules at Plant Smith could be [START 15 CONFIDENTIAL END 16 CONFIDENTIAL], these pending regulations were not evaluated in the Company's 17 environmental compliance analysis for Plant Smith.

18

Q. DOES GULF'S OCTOBER 2012 PRESENTATION ADDRESS THE
POTENTIAL IMPACT ON THE ECONOMIC VIABILITY OF SMITH UNITS
1 AND 2 IF THE FORECASTED COMPLIANCE COSTS FOR THE
PENDING CCR RULE AND THE PENDING RULE TO IMPLEMENT CWA



1		
2		[END CONFIDENTIAL] (See Confidential Exhibit SN-2, Confidential Project
3		Descriptions from Gulf's Current Ten-Year Transmission Plan, as provided in Gulf's
4		response to Citizens' Request for Production of Documents No. 75). [START
5	5	CONFIDENTIAL]
6		[END
7		CONFIDENTIAL
8		
9	Q.	DOES GULF'S FAILURE TO EVALUATE PLANT SMITH RETIREMENT
10	÷.	OPTIONS RAISE SERIOUS QUESTIONS REGARDING THE PRUDENCE
11		OF THE COMPANY'S PROPOSED TRANSMISSION PROJECT FOR
12		PLANT SMITH?
13	A.	Yes. If approved, the Company's proposed "compliance" plan would provide for
14		Gulf to invest approximately for emissions controls plus another \$76
15		million for transmission upgrades for the Plant Smith coal units. Gulf's proposal to
16		incur this level of investment without first evaluating Plant Smith retirement
17		alternatives obviously raises serious prudence and potential stranded investment
18	8	concerns. Consequently, Gulf has essentially asked the Commission to authorize it to
19		place an expensive cart before the horse.
20		
21	Q.	PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING GULF'S
22		PROPOSAL TO RECOVER TRANSMISSION UPGRADE COSTS
23		THROUGH THE ECRC.

Docket Nos. 130140-EI, 130151-EI, 130092-EI Confidential Exhibit SN-2 Transmission Upgrade Project Descriptions

Gulf Power Company Ten Year Transmission Plans 2012 Assessments for Planning Horizon 2013-2022

Confidential in its entirety

Docket Nos. 130140-EI, 130151-EI, 130092-EI Confidential Exhibit SN-3 Must-Run Criteria for Plant Crist and Plant Smith Page 2 of 3

SYSTEM CONTROL POLICY ON GENERATOR UNIT MUST-RUN REQUIREMENTS

SUBJECT

GENERATOR MUST-RUN REQUIREMENTS

to be off at the same time.

PURPOSE:

The purpose of this policy is to ensure that adequate generation is available to maintain system reliability, taking into account both high and low load situations and corresponding contingencies. This policy also provides a process to ensure that proper notification is made to the PCC for communicating with the trading floor for appropriate gas nominations.

Must-Run Rules

Crist Plant:

*Special arrangements must be made in advance when

have

Smith Plant:

System Load	L. Smith unit dispatch
Level	LSIE US24
85-100	
70-85	
60-70	
50-60	
<50	

*System Load Levels are percentages of Summer Gross Weather Normal Loads. Based on Gulf Summer Gross of **Werner (YR-2013**)

*Special arrangements must be made in advance when Smith units have to be off at the same time.

Docket Nos. 130140-EI, 130151-EI, 130092-EI Confidential Exhibit SN-6 October 2012 Plant Smith Retirement Analysis

Gulf Crist and Smith Update October 1, 2012

Confidential in its entirety

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Increase in Rates By Gulf Power Company

Docket No.: 130140-EI

CERTIFICATE OF SERVICE

)

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by overnight delivery this 5th day of November, 2013:

J. R. Kelly/Joseph A. McGlothlin Charles J. Rehwinkel Public Counsel Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 mcglothlin.joseph@leg.state.fl.us

Suzanne Brownless Martha Barrera/Martha Brown Office of the General Counsel 2540 Shumard Oak Blvd Tallahassee, FL 32399-0850 <u>sbrownle@psc.state.fl.us</u> <u>mbarrera@psc.state.fl.us</u> mbrown@psc.state.fl.us Florida Industrial Power Users Group Jon C. Moyle, Jr. Karen Putnal c/o Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com

Robert Scheffel Wright John T. La Via, III c/o Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 <u>schef@gbwlegal.com</u> <u>jlavia@gbwlegal.com</u> Federal Executive Agencies c/o Lt. Col. Gregory J. Fike BAI (Brubaker & Associates, Inc.) Attn: Greg Meyer 16690 Swingley Ridge Road Suite 140 Chesterfield, MO 63017 <u>gregory.fike@us.af.mil</u> Christopher.Thompson.5@us.af.mil <u>Thomas.jernigan@us.af.mil</u> gmeyer@consultbai.com

JEFFREY A. STONE Florida Bar No. 325953 jas@beggslane.com RUSSELL A. BADDERS Florida Bar No. 007455 rab@beggslane.com STEVEN R. GRIFFIN Florida Bar No. 0627569 srg@beggslane.com BEGGS & LANE P. O. Box 12950 Pensacola FL 32591-2950 (850) 432-2451 Attorneys for Gulf Power

EXHIBIT "C"

REQUESTED DURATION OF CONFIDENTIAL CLASSIFICATION

Gulf Power requests that the Confidential Information that is the subject of this request be treated as proprietary confidential business information exempt from the Public Records Law for a minimum of 18 months from the date of the order granting such classification. To the extent the company needs confidential protection of the Confidential Information for a period longer than 18 months, the company's justification therefor is set forth below:

n/a

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Increase in Rates By Gulf Power Company

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Robert Scheffel Wright John T. La Via, III c/o Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 <u>schef@gbwlegal.com</u> jlavia@gbwlegal.com Federal Executive Agencies c/o Lt. Col. Gregory J. Fike BAI (Brubaker & Associates, Inc.) Attn: Greg Meyer 16690 Swingley Ridge Road Suite 140 Chesterfield, MO 63017 gregory.fike@us.af.mil Christopher.Thompson.5@us.af.mil Thomas.jernigan@us.af.mil gmeyer@consultbai.com

JEFFREY A. STONE Florida Bar No. 325953 jas@beggslane.com RUSSELL A. BADDERS Florida Bar No. 007455 rab@beggslane.com STEVEN R. GRIFFIN Florida Bar No. 0627569 srg@beggslane.com BEGGS & LANE P. O. Box 12950 Pensacola FL 32591-2950 (850) 432-2451 Attorneys for Gulf Power