



**Matthew R. Bernier**  
Senior Counsel  
Duke Energy Florida, LLC.

August 22, 2016

**VIA ELECTRONIC FILING**

Ms. Carlotta Stauffer, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: *Fuel and purchased power cost recovery clause with generating performance incentive factor; Docket No. 160001-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's Request for Confidential Classification filed in connection with its response to OPC's Second Set of Interrogatories (Nos. 11-18). The filing includes the following:

- DEF's Request for Confidential Classification
- Slipsheet for confidential Exhibit A
- Redacted Exhibit B (two copies)
- Exhibit C (justification matrix), and
- Exhibit D (affidavit of Joseph McCallister)

DEF's confidential Exhibit A that accompanies the above-referenced filing has been submitted under separate cover.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

*s/Matthew R. Bernier*

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Matthew R. Bernier  
Senior Counsel  
[Matthew.Bernier@duke-energy.com](mailto:Matthew.Bernier@duke-energy.com)

MRB/mw  
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

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Docket No. 160001-EI

Dated: August 22, 2016

**DUKE ENERGY FLORIDA LLC'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Duke Energy Florida, LLC, ("DEF" 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 Citizen's ("OPC") Second Request for Interrogatories (Nos. 11-18) submitted on August 22, 2016. In support of this Request, DEF states:

1. DEF's responses to OPC's Second Set of Interrogatories, specifically questions 12b, 13b, and 16, are "proprietary confidential 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 an unredacted copy of all the documents for which DEF seeks confidential treatment. Composite Exhibit A is being submitted separately in a sealed envelope labeled "CONFIDENTIAL." In the unredacted version, the information asserted to be confidential is highlighted in yellow.

(b) Composite Exhibit B consists of two copies of redacted versions of the documents for which the Company requests confidential classification. The specific information for which confidential treatment is requested has been blocked out by opaque marker or other means.

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

(d) Exhibit D is an affidavit attesting to the confidential nature of information identified in this request.

3. As indicated in Exhibit C, the information for which DEF 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 bid evaluations and fuel supply contracts, 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. Furthermore, the information at issue relates to the competitive interests of DEF and its fuel suppliers, the disclosure of which would impair their competitive businesses. *See* § 366.093(3)(e), F.S.; Affidavit of Joseph McCallister 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. The information has not been disclosed to the public, and the Company has treated and continues to treat the information at issue as confidential. *See* Affidavit of Joseph McCallister at ¶ 7.

5. DEF 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, DEF respectfully requests that this Request for Confidential Classification be granted.

RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of August, 2016.

*s/Matthew R. Bernier*

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DIANNE M. TRIPLETT  
Associate General Counsel  
Duke Energy Florida, LLC.  
299 First Avenue North  
St. Petersburg, FL 33701  
T: 727.820.4692  
F: 727.820.5041  
E: [Dianne.Triplett@duke-energy.com](mailto:Dianne.Triplett@duke-energy.com)

MATTHEW R. BERNIER  
Senior Counsel  
Duke Energy Florida, LLC  
106 East College Avenue  
Suite 800  
Tallahassee, Florida 32301  
T: 850.521.1428  
F: 727.820.5041  
E: [Matthew.Bernier@duke-energy.com](mailto:Matthew.Bernier@duke-energy.com)

**Duke Energy Florida, LLC**  
Docket No.: 160001  
**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 22<sup>nd</sup> day of August, 2016 to all parties of record as indicated below.

s/Matthew R. Bernier  
Attorney

<p>Danijela Janjic Suzanne Brownless Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 <a href="mailto:sbrownle@psc.state.fl.us">sbrownle@psc.state.fl.us</a> <a href="mailto:djanjic@psc.state.fl.us">djanjic@psc.state.fl.us</a> <a href="mailto:asoete@psc.state.fl.us">asoete@psc.state.fl.us</a></p> <p>James D. Beasley J. Jeffrey Wahlen Ashley M. Daniels Ausley McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302 <a href="mailto:jbeasley@ausley.com">jbeasley@ausley.com</a> <a href="mailto:jwahlen@ausley.com">jwahlen@ausley.com</a> <a href="mailto:adaniels@ausley.com">adaniels@ausley.com</a></p> <p>Jeffrey A. Stone Russell A. Badders Steven R. Griffin Beggs &amp; Lane P.O. Box 12950 Pensacola, FL 32591 <a href="mailto:jas@beggslane.com">jas@beggslane.com</a> <a href="mailto:rab@beggslane.com">rab@beggslane.com</a> <a href="mailto:srg@beggslane.com">srg@beggslane.com</a></p> <p>James W. Brew Laura A. Wynn Stone Matheis Xenopoulos &amp; Brew 1025 Thomas Jefferson Street NW 8<sup>th</sup> Floor, West Tower Washington, DC 20007 <a href="mailto:jbrew@smxblaw.com">jbrew@smxblaw.com</a> <a href="mailto:law@smxblaw.com">law@smxblaw.com</a></p>	<p>Mike Cassel, Director Regulatory Affairs Florida Public Utilities Company 1750 S 14<sup>th</sup> Street, Suite 200 Fernandina Beach, FL 32034 <a href="mailto:mcassel@fpuc.com">mcassel@fpuc.com</a></p> <p>Robert L. McGee, Jr. Gulf Power Company One Energy Place Pensacola, FL 32520-0780 <a href="mailto:rlmcgee@southernco.com">rlmcgee@southernco.com</a></p> <p>Beth Keating Gunster, Yoakley &amp; Stewart, P.A. 215 South Monroe Street, Suite 601 Tallahassee, FL 32301 <a href="mailto:bkeating@gunster.com">bkeating@gunster.com</a></p> <p>Charles J. Rehwinkel / Erik Saylor J.R. Kelly / Patty Christensen Tarik Noriega Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:rehwinkel.charles@leg.state.fl.us">rehwinkel.charles@leg.state.fl.us</a> <a href="mailto:sayler.erik@leg.state.fl.us">sayler.erik@leg.state.fl.us</a> <a href="mailto:kelly.jr@leg.state.fl.us">kelly.jr@leg.state.fl.us</a> <a href="mailto:christensen.patty@leg.state.fl.us">christensen.patty@leg.state.fl.us</a> <a href="mailto:noriega.tarik@leg.state.fl.us">noriega.tarik@leg.state.fl.us</a></p> <p>Robert Scheffel Wright John T. LaVia, III c/o Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 <a href="mailto:schef@gbwlegal.com">schef@gbwlegal.com</a> <a href="mailto:jlavia@gbwlegal.com">jlavia@gbwlegal.com</a></p>	<p>Ms. Paula K. Brown Manager, Regulatory Coordination Tampa Electric Company P.O. Box 111 Tampa, FL 33601 <a href="mailto:regdept@tecoenergy.com">regdept@tecoenergy.com</a></p> <p>John Butler Maria Moncada Florida Power &amp; Light Company 700 Universe Boulevard (LAW/JB) Juno Beach, FL 33408-0420 <a href="mailto:john.butler@fpl.com">john.butler@fpl.com</a> <a href="mailto:maria.moncada@fpl.com">maria.moncada@fpl.com</a></p> <p>Kenneth Hoffman Florida Power &amp; Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1858 <a href="mailto:ken.hoffman@fpl.com">ken.hoffman@fpl.com</a></p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 <a href="mailto:jmoyle@moylslaw.com">jmoyle@moylslaw.com</a></p> <p>Raoul G. Cantero, III White &amp; Case, LLP Southeast Financial Center, Suite 4900 200 South Biscayne Boulevard Miami, FL 33131-2352 <a href="mailto:rcantero@whitecase.com">rcantero@whitecase.com</a></p>
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# **Exhibit A**

**“CONFIDENTIAL”**

(submitted under separate cover)

# **Exhibit B**

**REDACTED**

**(Copy-1)**

12. Projected natural gas financial hedging gains or losses for 2017 as of July 31, 2016:

- a. Please provide the projected natural gas hedging gain or loss for calendar year 2017 based on the hedging positions the Company has already executed.

**Answer:**

The estimated natural gas hedge cost for calendar year 2017 based on market prices as of July 29, 2016 is approximately \$25.8 million. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published and July 31, 2016 is a Sunday.

**REDACTED**

- b. As part of this response, what percentage of the total anticipated natural gas burn for 2017 has already been hedged?

**Answer:**

As of July 29, 2016, DEF has hedged approximately [REDACTED] percent of its forecasted natural gas burns for calendar year 2017. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published versus July 31, 2016 which is a Sunday.

13. Projected natural gas financial hedging gains or losses for 2018 as of July 31, 2016:

- a. Please provide the projected natural gas hedging gain or loss for calendar year 2018 based on the hedging positions the Company has already executed.

**Answer:**

The estimated natural gas hedge gain for calendar year 2018 as of July 29, 2016 is approximately \$3.7 million. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published and July 31, 2016 is a Sunday.

**REDACTED**

- b. As part of this response, what percentage of the total anticipated natural gas burn for 2018 has already been hedged?

**Answer:**

As of July 29, 2016, DEF has hedged approximately [REDACTED] percent of its forecasted natural gas burns for calendar year 2018. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published and July 31, 2016 is a Sunday.

16. As of the June 9, 2016 Agenda Conference, what months were already fully hedged for 2017 (i.e., where the hedging procurement for those months was fully completed) pursuant to the unmodified 2016 Risk Management Plan?

**Answer:**

DEF's targeted hedging percentage ranges outlined in its Risk Management Plan are based on calendar year forecasted burns (January through December). The volumes hedged over time are based on periodic updated fuel forecasts and the actual hedge percentages for any month, rolling period, or calendar annual period may come in higher or lower than the target minimum hedge percentages and hedging ranges because of changing forecasts, and actual fuel burns versus forecasted fuel burns. In its Risk Management Plan, DEF outlined the targeted hedge percentages ranges are based on forecasted burns are for calendar year periods. The actual hedge percentages may differ from hedge percentages based on forecasts.

Outlined below were the total burn forecasts, hedge volumes, and hedging percentages for each month and in total for 2017:

Month	Natural Gas Forecast (MMBtu)	Hedge Volume (MMBtu)	Percent Hedge
January-17			
February-17			
March-17			
April-17			
May-17			
June-17			
July-17			
August-17			
September-17			
October-17			
November-17			
December-17			

# **Exhibit B**

**REDACTED**

(Copy-2)

12. Projected natural gas financial hedging gains or losses for 2017 as of July 31, 2016:

- a. Please provide the projected natural gas hedging gain or loss for calendar year 2017 based on the hedging positions the Company has already executed.

**Answer:**

The estimated natural gas hedge cost for calendar year 2017 based on market prices as of July 29, 2016 is approximately \$25.8 million. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published and July 31, 2016 is a Sunday.

**REDACTED**

- b. As part of this response, what percentage of the total anticipated natural gas burn for 2017 has already been hedged?

**Answer:**

As of July 29, 2016, DEF has hedged approximately ■ percent of its forecasted natural gas burns for calendar year 2017. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published versus July 31, 2016 which is a Sunday.

13. Projected natural gas financial hedging gains or losses for 2018 as of July 31, 2016:

- a. Please provide the projected natural gas hedging gain or loss for calendar year 2018 based on the hedging positions the Company has already executed.

**Answer:**

The estimated natural gas hedge gain for calendar year 2018 as of July 29, 2016 is approximately \$3.7 million. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published and July 31, 2016 is a Sunday.

**REDACTED**

- b. As part of this response, what percentage of the total anticipated natural gas burn for 2018 has already been hedged?

**Answer:**

As of July 29, 2016, DEF has hedged approximately [REDACTED] percent of its forecasted natural gas burns for calendar year 2018. The date of July 29, 2016 is being used to estimate as it is the last business day of the month that prices were published and July 31, 2016 is a Sunday.

16. As of the June 9, 2016 Agenda Conference, what months were already fully hedged for 2017 (i.e., where the hedging procurement for those months was fully completed) pursuant to the unmodified 2016 Risk Management Plan?

**Answer:**

DEF's targeted hedging percentage ranges outlined in its Risk Management Plan are based on calendar year forecasted burns (January through December). The volumes hedged over time are based on periodic updated fuel forecasts and the actual hedge percentages for any month, rolling period, or calendar annual period may come in higher or lower than the target minimum hedge percentages and hedging ranges because of changing forecasts, and actual fuel burns versus forecasted fuel burns. In its Risk Management Plan, DEF outlined the targeted hedge percentages ranges are based on forecasted burns are for calendar year periods. The actual hedge percentages may differ from hedge percentages based on forecasts.

Outlined below were the total burn forecasts, hedge volumes, and hedging percentages for each month and in total for 2017:

Month	Natural Gas Forecast (MMBtu)	Hedge Volume (MMBtu)	Percent Hedge
January-17			
February-17			
March-17			
April-17			
May-17			
June-17			
July-17			
August-17			
September-17			
October-17			
November-17			
December-17			

# Exhibit C

## DUKE ENERGY FLORIDA Confidentiality Justification Matrix

DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
DEF's Response to OPC's Second Set of Interrogatories (Nos. 11-18)	<p><b>Question 12b:</b> the information after "approximately" and before "percent".</p> <p><b>Question 13b:</b> the information after "approximately" and before "percent".</p> <p><b>Question 16:</b> all of the information in the table in columns "Natural Gas Forecast (MMBtu)", Hedge "Volume (MMBtu)" and "Percent Hedge".</p>	<p>§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§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.</p>

# **Exhibit D**

## **AFFIDAVIT OF JOSEPH MCCALLISTER**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

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Docket No. 160001-EI

Dated: August 22, 2016

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

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

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 Duke Energy Florida (hereinafter "DEF" or the "Company") to give this affidavit in the above-styled proceeding on DEF's behalf and in support of DEF's Request for Confidential Classification (the "Request"). The facts attested to in my affidavit are based upon my personal knowledge.

2. I am the Director of Natural Gas, Oil and Emissions in the Fuel Procurement Department. This section is responsible for natural gas, fuel oil and emission allowance activity for the Duke Energy Indiana ("DEI"), Duke Energy Kentucky ("DEK"), Duke Energy Carolinas ("DEC"), Duke Energy Progress ("DEP"), and DEF Systems.

3. As the Director of Natural Gas, Oil and Emissions, 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 suppliers for DEI's, DEK's, DEC's, DEF's and DEP's electrical power generation facilities.

4. DEF is seeking confidential classification for certain responses to OPC's Second Set of Interrogatories (Nos. 11-18), specifically questions 12b, 13b, and 16, submitted on August 22, 2016. The confidential information at issue is contained in confidential Exhibit A to DEF's Request and is outlined in DEF's Justification Matrix that is attached to DEF's Request as Exhibit C. DEF is requesting confidential classification of this information because it contains sensitive business information, the disclosure of which would impair the Company's efforts to contract for goods or services on favorable terms.

5. DEF negotiates with potential fuel suppliers to obtain competitive contracts for fuel options that provide value to DEF and its customers. In order to obtain such contracts, however, DEF must be able to assure fuel suppliers that sensitive business information, such as pricing, and quantities of fuel, will be kept confidential. With respect to the information at issue in this Request, DEF has kept confidential and has not publicly disclosed confidential information pertaining to the natural gas, natural gas storage, and light oil hedge costs, targets or percentages. Absent such measures, suppliers would run the risk that sensitive business information that they provided in their contracts with DEF 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 DEF might decide not to do so if DEF did not keep specific information confidential. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts between DEF and fuel suppliers, the Company's efforts to obtain competitive fuel supply contracts could be undermined.

6. Additionally, the disclosure of confidential information of hedge costs, forecasts, volumes, or percent hedged, could adversely impact DEF's competitive business interests. If such information was disclosed to DEF's competitors, DEF's efforts to obtain competitive fuel supply options that provide economic value to both DEF and its customers could be compromised by DEF's competitors changing their consumption or 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 terms of the documents and 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 and contracts. At no time since receiving the contracts and information in question has the Company publicly disclosed that information. The Company has treated and continues to treat the information and contracts at issue as confidential.

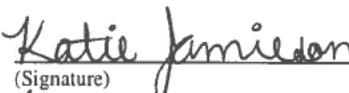
8. This concludes my affidavit.

Further affiant sayeth not.

Dated the 15 day of August, 2016.

  
\_\_\_\_\_  
(Signature)  
Joseph McCallister  
Director – Natural Gas, Oil and Emissions  
Fuels Procurement Department  
Duke Energy  
526 South Church  
Charlotte, NC 28202

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 15 day of August, 2016 by Joseph McCallister. He is personally known to me, or has produced his \_\_\_\_\_ driver's license, or his \_\_\_\_\_ as identification.

  
\_\_\_\_\_  
(Signature)  
Katie Jamieson  
\_\_\_\_\_  
(Printed Name)  
NOTARY PUBLIC, STATE OF NC  
\_\_\_\_\_  
June 14, 2021  
\_\_\_\_\_  
(Commission Expiration Date)

(AFFIX NOTARIAL SEAL)

**KATIE JAMIESON**  
Notary Public, North Carolina  
Gaston County  
My Commission Expires \_\_\_\_\_

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