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FILED FEB 27, 2017
DOCUMENT NO. 02258-17
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February 27, 2017

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

RE: Docket No. 160186-EI

Dear Ms. Stauffer:

Attached for filing in the above-referenced docket is Gulf Power Company's Motion for Temporary Protective Order pertaining to certain portions of Gulf's response to Citizens' Eighth Request to Produce Documents (Nos. 134-146) to Gulf Power Company.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr.".

Robert L. McGee, Jr.
Regulatory and Pricing Manager

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Attachments

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. 160186-EI
Dated: February 27, 2017

GULF POWER COMPANY'S
MOTION FOR TEMPORARY PROTECTIVE ORDER

Gulf Power Company ("Gulf"), by and through undersigned counsel, hereby moves pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006(6), Florida Administrative Code, for entry of a Temporary Protective Order covering confidential documents and information sought in discovery by the Office of Public Counsel ("OPC") within OPC's Eighth Request for Production of Documents (Nos. 134-146). In support, Gulf states as follows:

1. This Motion pertains to certain proprietary confidential information as defined in Section 366.093, Florida Statutes, which is included within Gulf's Response to OPC's Requests for Production of Documents Nos. 141, 143, and 145, and which Gulf is serving upon OPC on the date of this Motion.

2. The confidential information responsive to OPC's Requests for Production Nos. 141 and 143 is contained within Microsoft Excel spreadsheets. The information contained within the files responsive to these requests relates to Unit 3 at Plant Scherer, of which Gulf owns an interest. All of the confidential information provided in response to these requests derives economic value from not being generally known to, and being readily ascertainable by proper means to, other persons who can obtain economic value from its disclosure or use. The disclosure of this information would be harmful to Gulf's competitive interests. Therefore, the information is entitled to confidential classification pursuant to Section 366.093(3)(d) and (e), Florida Statutes.

One of the files responsive to Request for Production No. 141 includes a functioning electronic version of a model developed by Southern Company at Southern Company's expense. The model was developed as proprietary for the Southern Company and is designed to perform asset valuations. Southern Company has expended resources in developing the model for use in its (and its subsidiaries/affiliates') course of business. The model has not been publicly disclosed, is of value to Gulf Power's and its affiliates' business, and would provide an economic advantage to Gulf Power's competitors in the event of public disclosure. If this functioning model was publicly disclosed, competing utilities could utilize the model in their own businesses, resulting in cost savings at Gulf Power's expense. Gulf considers this model highly confidential and has not publicly disclosed the model. The Commission has previously recognized that functioning proprietary models constitute confidential business information. *See* Order No. PSC-13-0487-CFO-EI, *In re: Petition for rate increase by Gulf Power Company*, Docket No. 130140-EI (Oct. 16, 2013). For all of the foregoing reasons, the model is entitled to confidential classification pursuant to 366.093(3)(e), Florida Statutes.

Many of the files responsive to Requests for Production Nos. 141 and 143 contain confidential information that includes detailed actual and projected operation and maintenance costs for Unit 3 and matters related thereto, including fuel, variable O&M, SO₂, NO_x, and fuel handling. It includes revenues, projections, models and other financial information, as well as capacity figures. Among other things, public disclosure of any or all of the foregoing information would negatively impact Gulf's ability to negotiate contract terms favorable to its customers in future contracts. This information would provide third party market participants with detailed insight into Gulf's generation costs and strategies, which, in turn, would put Gulf

and its customers at a competitive disadvantage when negotiating for the purchase or sale of energy and/or capacity.

Furthermore, a number of the files responsive to Requests for Production Nos. 141 and 143 contain detailed components of an economic analysis performed by Gulf Power relating to Plant Scherer. These files include workpapers and analyses used to develop Gulf's answer to Staff's Interrogatory No. 376. They include projections of fuel costs, unit capital/operating costs and characteristics, projected avoided costs, and energy values under multiple scenarios. Disclosure of this information could negatively impact Gulf's ability to negotiate pricing favorable to its customers when contracting with vendors of materials needed by Gulf. 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. Additionally, with regard the developed scenarios around specific fuel and emissions pricing, these pricing scenarios were developed by Gulf, the Southern Company, and their consultant, Charles Rivers Associates, using an extensive proprietary modeling analysis. 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 consultant. This information reveals key inputs into the Company's decision-making process and is subject to extensive efforts to maintain its secrecy. Only select Company personnel with a "need to know" are granted access. 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 at the cost of Gulf and its customers. 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. For example, if prospective fuel suppliers have access to the fuel prices in these scenarios, those suppliers will view the forecasted prices as the lower limit of what Gulf expects to pay and will offer to supply fuel at higher prices. Finally, the base forecast underlying the subject information is used in developing future generation strategies for Gulf. 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.

3. The confidential information responsive to OPC's Request for Production No. 145 is contained within a Microsoft Excel spreadsheet. This file includes a functioning electronic version of a cost allocation evaluation model developed by Southern Company at Southern Company's expense. The model was developed as proprietary for the Southern Company and is designed to calculate the potential impact of adding new subsidiaries to the Southern Company system by modifying allocation factors and reallocating charges from Southern Company Services to all subsidiaries which it serves. Southern Company has expended resources in developing the model for use in its (and its subsidiaries/affiliates') course of business. The model has not been publicly disclosed, is of value to Gulf Power's and its affiliates' business, and would provide an economic advantage to Gulf Power's competitors in the event of public disclosure. Utilities within the State of Florida and across the United States regularly conduct cost allocation evaluations in their course of business. If this functioning model was publicly disclosed, competing utilities could utilize the model in their own businesses, resulting in cost savings at Gulf Power's expense. Gulf considers this model highly confidential and has not publicly disclosed the model. The Commission has previously

recognized that functioning proprietary models constitute confidential business information. *See* Order No. PSC-13-0487-CFO-EI, *In re: Petition for rate increase by Gulf Power Company*, Docket No. 130140-EI (Oct. 16, 2013). For all of the foregoing reasons, the model is entitled to confidential classification pursuant to 366.093(3)(e), Florida Statutes.

4. Section 366.093(2), Florida Statutes, and Rule 25-22.006(6), Florida Administrative Code, direct that all records produced pursuant to a discovery request for which proprietary confidential status is requested shall be treated by OPC as confidential and shall be exempt from the public records law, Section 119.07(1), Florida Statutes. Gulf, by this motion, is seeking protection of all confidential information that Gulf will produce to OPC within its Response to OPC's Requests for Production Nos. 141, 143, and 145. This protection should extend not only to OPC, but also to any consultants or advisors with whom OPC has contracted for purposes of this proceeding. Gulf has recorded the appropriate objections to providing such confidential and proprietary business information, and will provide documents and information responsive to these requests marked as confidential subject to this motion, the law, Commission rules, and Gulf's objections. By following this procedure and producing this information, Gulf is not waiving its right to seek further relief as necessary to make certain that its confidential, proprietary, business information is not publicly disclosed.

WHEREFORE, Gulf Power respectfully requests that the Commission grant a Temporary Protective Order relating to the information described in the body of this motion.

Respectfully submitted this 24th day of February, 2017.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No.: 160186-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by electronic mail this 27th day of February, 2017 to the following:

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