

Matthew R. Bernier Associate General Counsel

August 20, 2021

VIA ELECTRONIC FILING

Adam Teitzman, 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. 20200001-EI

Dear Mr. Teitzman:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's Request for Confidential Classification for certain information contained in the Office of Public Counsel and Florida Industrial Power Users Group's Joint Answer Brief. The filing includes the following:

- DEF's Request for Confidential Classification
- Slip-sheet for confidential Exhibit A
- Redacted Exhibit B (two copies)
- Exhibit C (justification matrix), and
- Exhibit D (affidavit of Reginald Anderson)

DEF's confidential Exhibit A that accompanies the above-referenced was submitted with DEF's Notice of Intent to Request Confidential Classification on July 30, 2021, 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

Matthew R. Bernier

MRB/mw Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery Clause with generating performance incentive Factor Docket No. 2020001-EI SC Case No. 20-1601

Filed: August 20, 2021

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 the Appellees, the Office of Public Counsel ("OPC") and Florida Industrial Power Users Group's ("FIPUG") Joint Answer Brief to the Final Order being appealed, Order No. PSC-2020-0368A-FOF-EI. This Request is timely. *See* Rule 25-22.006(3)(a)1, F.A.C. In support of this Request, DEF states:

The Joint Answer Brief contains "proprietary confidential business information" under § 366.093(3), Florida Statutes.

1. 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, submitted on July 30, 2021. In the unredacted version, the information asserted to be confidential is highlighted in yellow.

(b) Composite Exhibit B is a package containing two copies of redacted versions of the documents for which the Company requests confidential classification, or slip-sheets for documents which are confidential in their entirety. 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 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.

2. As indicated in Exhibit C, the information for which DEF requests confidential classification is "proprietary confidential business information" within the meaning of § 366.093(3), F.S. DEF is requesting confidential classification of this information because it contains contractual information or information provided by a third party that DEF is obligated to keep confidential, the disclosure of which would harm its competitive business interest and ability to contract for goods or services on favorable terms. *See* §§ 366.093(3)(d) & (e), F.S.; Affidavit of Reginald Anderson at ¶¶ 3 and 4. Accordingly, such information constitutes "proprietary confidential business information" which is exempt from disclosure under the Public Records Act pursuant to § 366.093(1), F.S.

3. In order to contract with third-party vendors on favorable terms, DEF must keep contractual terms and third-party proprietary information confidential. The disclosure of which would be to the detriment of DEF and its customers. Additionally, the disclosure of confidential information provided by a third party could adversely impact DEF's competitive business interests. If such information was disclosed to DEF's competitors, DEF's efforts to obtain competitive contracts that add economic value to both DEF and its customers could be undermined. *See* Affidavit of Reginald Anderson at ¶ 5. *Id*.

4. The information identified as Exhibit "A" is intended to be and is treated as confidential by the Company. *See* Affidavit of Reginald Anderson at \P 6. The information has not been disclosed to the public, and the Company and third-party vendors have treated and continue to treat this information as confidential. *Id.*

5. DEF requests that the information identified in Exhibit A be classified as "proprietary confidential business information" within the meaning of § 366.093(3), F.S., that the information remains confidential for a period of at least 18 months as provided in § 366.093(4) F.S., and that the

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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 20th day of August, 2021.

s/ Matthew R. Bernier
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Attorneys for Duke Energy Florida, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 20th day of August, 2021.

Suzanne Brownless / Stefanie Jo Osborn Office of General Counsel FL Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 <u>sbrownle@psc.state.fl.us</u> <u>sosborn@psc.state.fl.us</u>

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Exhibit A

CONFIDENTIAL

(Submitted under separate cover on July 30, 2021)

Exhibit B REDACTED (Two Copies)

Citations to the Record below are designated by "R. #" where # indicates the page or pages of the Record.² Citations to OPC and FIPUG's Joint Appendix are indicated as "Joint App. p. #." Citations to the Findings of Fact set forth in the Recommended Order, adopted *in toto* by the Commission in its Final Order, are designated as "R.O., F.O.F. \P ," where \P designates the applicable paragraph of the Recommended Order. Citations to the Conclusions of Law set forth in the Recommended Order are designated as "R.O., C.O.L. ¶," where ¶ designates the applicable paragraph of the Recommended Order. Citations to the Final Order below are designated "F.O., at #," where # refers to the page of the Final Order. Yellow highlighting indicates information required by law to be maintained as confidential under orders of the Commission. Redactions in black are made for the public version of this brief.

² Joint Appellees discovered that exhibits 68-75 and 80-82 from the formal evidentiary hearing which were entered into the record were apparently inadvertently omitted from the record transmitted to the Court. Exhibits and are pursuant to Rule 9.200(f)(1), Florida Rules of Appellate Procedure. For the ease of reference,

- The greater weight of the evidence establishes that the Mitsubishi steam turbine was designed to operate at 420 MW of output and that 420 MW was an operational limitation of the turbine. R.O., F.O.F. ¶33; R. 6089; F.O., at 8; R. 6252; Joint App. p. 16, 49.
- DEF's imprudent operation of the turbine during Period 1 resulted in "cumulative wear caused by running the unit in excess of its capacity half of the time." R.O., F.O.F. ¶89, fn. 4; R. 6101; F.O., at 15; R. 6259; Joint App. p. 28, 56.
- The evidence was clear that Mitsubishi did not contemplate DEF's operation of the steam turbine beyond the

The evidence was also clear that DEF made no effort before the fact to notify Mitsubishi of its intended intensity of operation or to ask Mitsubishi whether it could safely exceed the

Mr. Swartz was unable to explain away this criticism and thus DEF failed to meet its burden of demonstrating that it prudently operated the Bartow Plant during the times relevant to this proceeding. R.O., F.O.F. ¶102; R. 6104; F.O., at 13; R. 6257; Joint App. p. 31, 54.

• OPC accurately states that the DEF working documents demonstrate that during the [Root Cause Analysis] RCA process, before and after the Period 5 event, DEF consistently identified excessive steam flow

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R.O., F.O.F. ¶71; R. 3151,
3157, 5716, 5722, 5732, 5751, 5759, 5767,
5779, 5789, 5801, 5815, 5829, 5843, 5857,
5908; Joint App. p. 24. See also Hearing
Exhibit 73 at 3; R. 3418.

The Final Order below further adopts the following ultimate Findings of Fact and Conclusions of Law laid out verbatim (in relevant part) below, with supplemental record citations provided by Joint Appellees:

- DEF failed to demonstrate by a preponderance of the evidence that its actions during Period 1 were prudent. DEF purchased an aftermarket steam turbine from Mitsubishi with the knowledge that it had been manufactured to the specifications of Tenaska with a design point of 420 MW of output. Mr. Swartz's testimony regarding the irrelevance of the 420 MW limitation was unpersuasive in light of the documentation that after the initial blade failure, DEF itself accepted the limitation and worked with Mitsubishi to find a way to increase the output of the turbine to R.O., C.O.L. ¶110; R. 6105; F.O., at 5; R. 6249; Joint App. p. 32, 46.
- The evidence demonstrated an record that vibrations associated with high energy loadings were

App. p. 36, 59.

Because it was ultimately responsible for the de-rating, DEF should refund replacement costs incurred from the point the steam turbine came back online in May 2017 until the start of the planned fall 2019 outage that allowed the replacement of the pressure plate with the ______ in December 2019. R.O., C.O.L. ¶124; R. 6109; F.O., at 19; R. 6263; Joint App. p. 36, 60.

SUMMARY OF ARGUMENT

The ALJ found, and the Commission adopted, the finding that DEF failed to demonstrate by a preponderance of the evidence that the Period 5 outage at the Bartow Plant was not a consequence of DEF's imprudent actions in Period 1. DEF claims for the first time on appeal that there is no competent and substantial evidence supporting the link between its actions in Period 1 and the outage in Period 5. However, DEF did not take exception to any of the Findings of Fact below, including the ones that abundantly demonstrate the direct link between Duke's imprudence in Period 1 and the damage that resulted in the outage in Period 5. By failing to take exception to any of the Findings of Fact, DEF abandoned the argument that the Findings of Fact supporting the ALJ's and Commission's ultimate

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blade damage causing the Period 5 outage. R.O., F.O.F. ¶33; R. 6089; F.O., at 8; R. 6252; R.O., F.O.F. ¶89, fn. 4; R. 6101; F.O., at 15; R. 6259; R.O., C.O.L. ¶114; R. 6106; F.O., at 13; R. 6257; Joint App. p. 16, 49, 28, 56, 33, 54. The discretion to consider evidence, resolve conflicts in evidence, judge credibility of witnesses, draw permissible inferences from the evidence and reach ultimate findings of fact based on competent and substantial evidence belongs solely to the ALJ. *Ft. Myers Real Estate Holdings, LLC v. Dep't of Bus. & Prof'l Regulation*, 146 So. 3d 1175 (Fla. 1st DCA 2014), citing *Heifetz v. Dep't of Bus. Reg.*, 475 So. 2d 1277, 1281 (Fla. 1st DCA 1985).

The Final Order and transcripts of the Commission Agenda demonstrate that the Commission understood and applied the correct legal standard in rejecting DEF's exceptions to the ALJ's conclusions of law. While the Commission may substitute a conclusion of law for one that is as or more reasonable than the conclusion made by the ALJ, the Commission is not required to adopt a party's proposed substituted conclusion of law. DEF has failed to

13

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- The record evidence demonstrated an that vibrations associated with high energy loadings were the primary cause of the L-0 blade failures. DEF failed to satisfy its burden of showing its actions in operating the steam turbine in Period 1 did not cause or contribute significantly to the vibrations that repeatedly damaged the L-0 blades. To the contrary, the preponderance of the evidence pointed to DEF's operation of the steam turbine in Period 1 as the most plausible culprit. R.O., C.O.L. ¶114; R. 6106; F.O., at 13; R. 6257; R. 3140, 3148, 3156, 3160-62, 3164, 3176, 3351-54, 3377-78, 4776, 4989, 5148-53, 5698, 5716, 5722, 5732, 5751, 5759, 5767, 5815, 5829, 5845, 5857, 5871, 5908, 5925, 5965-96; Joint App. p. 33, 54.
- It is not speculative to state that the events of Periods 2 through 5 were precipitated by DEF's actions during Period 1. R.O., C.O.L. ¶119; R. 6107; F.O., at 14; R. 6258; R. 3151, 3156-57, 3192, 3352-57, 3368-69, 3382, 3400, 3409-10, 3773, 4062, 5699, 5716, 5722, 5732, 5751, 5759, 5767, 5779, 5789, 5801, 5815, 5829, 5843, 5857, 5872, 5908; Joint App. p. 34, 55. See also Hearing Exhibit 73 at 3; R. 3418.

- The greater weight of the evidence supports the conclusion that DEF did not exercise reasonable care in operating the steam turbine in a configuration for which it was not designed and under circumstances which DEF knew, or should have known, that it should have proceeded with caution, seeking the cooperation of Mitsubishi to devise a means to operate the steam turbine above 420 MW. R.O., C.O.L. ¶121; R. 6108; F.O., at 17; R. 6261; Joint App. p. 35, 58.
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Exhibit C

DUKE ENERGY FLORIDA Confidentiality Justification Matrix

DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
Appellee's, the Office of Public Counsel (OPC) and Florida Industrial Power User Group (FIPUG) Joint Answer Brief	Page 2-Footnote 2: The information after "Exhibits" and before "and" is confidential. The information after "and" and before "are" is confidential.	§366.093(3)(c), F.S. The document in question contains confidential information, contractual information, or information provided by a third party that DEF is obligated to keep confidential, the disclosure of which would harm its competitive business interests
	The information after "are" and before "pursuant" is confidential.	
	The remaining information in the sentence after "reference" is confidential.	
	<u>Page 8</u> : The information after "beyond the" and before "The evidence" is confidential.	
	The information after "exceed the" and before "Mr. Swartz" is confidential.	
	<u>Page 9:</u> The information after "the" and before "R.O., F.O.F" is confidential.	
	The information after "turbine to" and before "R.O., C.O.L" is confidential.	
	The information after "demonstrated an" and	

before "that vibrations" is confidential. <u>Page 11:</u> The information after "with the" and before "in December" is confidential. <u>Page 13:</u> The information after	
"demonstrated an" and before "that the" is confidential. The information after "that	
the" and before "were the" is confidential. Page 21:	
The information after "beyond the" and before "The evidence" is confidential.	
The information after "exceed" and before "Mr. Swartz" is confidential.	
The information after "turbine to" and before "R.O., F.O.F" is confidential.	
Page 22: The information after "demonstrated an" and before "that vibrations" is confidential.	
Page 23: The information after "with the" and before "in December" is confidential.	

Exhibit D

AFFIDAVIT OF REGINALD ANDERSON

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery Clause with generating performance incentive Factor Docket No. 2020001-EI SC Case No. 20-1601

Filed: August 20, 2021

AFFIDAVIT OF REGINALD ANDERSON IN SUPPORT OF DUKE ENERGY FLORIDA'S <u>REQUEST FOR CONFIDENTIAL CLASSIFICATION</u>

STATE OF FLORIDA

COUNTY OF PINELLAS

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

1. My name is Reginald Anderson. 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 Vice President of Regulated & Renewable Energy Florida. I am responsible for the overall leadership and strategic direction of DEF's power generation fleet. My major duties and responsibilities include strategic and tactical planning to operate and maintain DEF's non-nuclear generation fleet; generation fleet project and additions recommendations; major maintenance programs; outage and project management; retirement of generation facilities; asset allocation; workforce planning and staffing; organizational alignment

and design; continuous business improvements; retention and inclusion; succession planning; and oversight of hundreds of employees and hundreds of millions of dollars in assets and capital and O&M budgets.

3. DEF is seeking confidential classification for certain information contained in the Appellee's, the Office of Public Counsel ("OPC") and Florida Industrial Power Users Group's ("FIPUG") Joint Answer Brief to the Final Order being appealed, Order No. PSC-2020-0368A-FOF-EI. 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 competitive business interests and ability to contract for goods and services on favorable terms.

4. The confidential information at issue relates to proprietary and confidential thirdparty operating procedures and technical information regarding the third-party's proprietary component design and operation parameters, the disclosure of which would impair third-party's competitive business interests, and if disclosed, the Company's competitive business interests and efforts to contact for goods or services on favorable terms. In order to contract with thirdparty vendors on favorable terms, DEF must keep contractual terms and third-party proprietary information confidential.

5. Further, if DEF cannot demonstrate to its third-party vendors and others that may enter contracts with DEF in the future, that DEF has the ability to protect those third-parties' confidential and proprietary business information, third-parties will be less likely to provide that information to DEF – harming DEF's ability to prudently operate its business. DEF has not publicly disclosed the information. Without DEF's measures to maintain the confidentiality of this sensitive business information, DEF's ability to contract with third-parties could

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detrimentally impact DEF's ability to negotiate favorable contracts, as third-parties may begin to demand a "premium" to do business with DEF to account for the risk that its proprietary information will become a matter of public record, thereby harming DEF's competitive interests and ultimately its customers' financial interests.

6. Upon receipt of 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 information in question has the Company publicly disclosed that information. The Company has treated and continues to treat the information at issue as confidential.

7. This concludes my affidavit.

Further affiant sayeth not.

Dated the $12^{\frac{1}{2}}$ day of August, 2021.

Signatup

Reginald Anderson Vice President – Generation Florida

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this day of August, 2021 by Reginald Anderson. He is personally known to me or has produced his driver's license, or his as identification.

(Commission Expiration Date)

(AFFIX NOTARIAL SEAL)



(Serial Number, If Any)