

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: *Review of Progress Energy Florida's  
Project Management Internal Controls for  
Nuclear Plant Uprate and Construction Projects*

Docket No: undocketed matter

Submitted for Filing: July 29, 2008

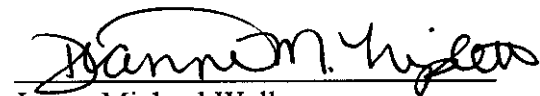
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**PROGRESS ENERGY FLORIDA, INC'S  
NOTICE OF FILING AFFIDAVITS IN SUPPORT OF  
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Progress Energy Florida, Inc. hereby gives notice of filing the affidavits of Daniel L. Roderick and Dale Oliver in support of its Request for Confidential Classification regarding Staff's Audit Report, Data Requests and Workpapers.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by regular U.S. mail to the following this 29<sup>th</sup> day of July, 2008.

  
\_\_\_\_\_  
Attorney

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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*In re: Review of Progress Energy Florida's  
Project Management Internal Controls for  
Nuclear Plant Uprate and Construction Projects*

Docket No: undocketed matter

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Submitted for Filing: July 29, 2008

**AFFIDAVIT OF DANIEL L. RODERICK IN SUPPORT OF PROGRESS ENERGY  
FLORIDA'S REQUEST FOR CONFIDENTIAL CLASSIFICATION  
REGARDING AUDIT REPORT, DATA REQUESTS, AND WORKPAPERS**

STATE OF FLORIDA

COUNTY OF CITRUS

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

1. My name is Daniel L. Roderick. I am over the age of 18 years old and I have been authorized by Progress Energy Florida (hereinafter "PEF" or the "Company") to give this affidavit in the above-styled proceeding on PEF's behalf and in support of PEF's Request for Confidential Classification. The facts attested to in my affidavit are based upon my personal knowledge.

2. I am the Vice President of Nuclear Projects and Construction for PEF's nuclear plant. This department manages nuclear generation growth strategies.

3. As the Vice President of Nuclear Projects and Construction, I am responsible for all aspects of major projects and construction of nuclear generating assets in Florida, including the administration of PEF's contracts for the Crystal River 3 ("CR3") Uprate project and ongoing project analysis for the CR3 Uprate and Levy nuclear projects.

4. PEF is seeking confidential classification for portions of the documents produced in response to DR-1, request 1a, DR-2, requests 1 and 2, DR-3, requests 2b, 9, and 11b, DR-4, request 2, DR-5, request 1a, DR-6, request 4, portions of the final audit report, and portions of the Staff's workpapers. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain confidential contractual information regarding the purchase of equipment and services necessary to complete the CR3 Uprate and Levy nuclear projects, the disclosure of which would compromise PEF's competitive business interests.

5. Certain of these documents contain contractual quantities and pricing arrangements between PEF and providers of various nuclear equipment and services that would adversely impact PEF's competitive business interests if disclosed to the public. PEF must be able to assure these vendors that sensitive business information, such as the pricing and quantity terms of their contracts, will be kept confidential. Indeed, most of the contracts at issue contain confidentiality provisions that prohibit the disclosure of the terms of the contract to third parties. Specifically, the information at issue relates to competitively negotiated contractual data, such as quantity and pricing of goods and services, and other contractual terms, the disclosure of which would impair the efforts of the Company to negotiate these contracts on favorable terms. If other third parties were made aware of confidential contractual terms that PEF has with other parties, they may offer PEF less competitive contractual terms in future contractual negotiations. Without PEF's measures to maintain the confidentiality of sensitive terms in contracts between PEF and these nuclear contractors, the Company's efforts to obtain competitive contracts for the CR3 Uprate and Levy nuclear projects could be undermined.

6. PEF is seeking confidential classification for portions of the documents produced in response to DR-1, request 3a, DR-3, requests 9 and 12, and DR-5, request 1a. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain information regarding PEF's confidential and proprietary internal bid and contracting strategies and analyses, the disclosure of which would compromise PEF's competitive business interests.

7. Specifically, if PEF's suppliers or competitors were made aware of how PEF analyzes bid responses and chooses contract vendors, they may adjust their behavior in the market place with respect to activity such as pricing and the acquisition and provision of goods, materials, and services. This would impair PEF's ability to obtain competitive contracts, with favorable terms, that provide economic value to PEF and its ratepayers. In addition, certain of these documents contain technical and contractual bid information provided by third parties to PEF in response to Request for Proposals ("RFPs") issued by the Company. PEF must be able to assure these third-party bidders that sensitive business information, such as the pricing and quantity terms, and technical information, of their bids, will be kept confidential. Indeed, most of the RFP responses at issue contain confidentiality provisions that prohibit the disclosure of the terms of the bids to third parties.

8. PEF is seeking confidential classification for portions of the documents produced in response to DR-1, requests 1a and 7a, DR-3, requests 1a, 2a, 2b, and 7a, DR-5, requests 2a through 2c, and DR-7, request 5. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential

Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain information regarding PEF's confidential and proprietary cost projections for various portions of the CR3 Uprate and Levy nuclear projects, the disclosure of which would compromise PEF's competitive business interests.

9. Specifically, portions of these documents reflect the Company's confidential cost projections regarding labor and materials. If PEF's suppliers or competitors were made aware of PEF's detailed cost projections to obtain certain goods and services, they may adjust their behavior in the market place with respect to activity such as pricing and the acquisition and provision of such goods, materials, and services. In other words, if these third parties know what PEF expects to have to pay for these goods and services, then those third parties have leverage in negotiating for these goods and services. This would impair PEF's ability to obtain competitive contracts, with favorable terms, that provide economic value to PEF and its ratepayers.

10. PEF is seeking confidential classification for portions of the documents produced in response to DR-1, requests 3b and 7a, DR-3, requests 3a and 3b, DR-4, requests 2, 3, 4, 5, and 15, DR-5, request 2a through 2c, DR-7, requests 1, 2, and 3, and portions of the final audit report. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they either are internal audit reports and procedures that resulted from the Company's audits of the CR3 Uprate Project, the Levy nuclear project, PEF's contractors, or uprate projects at other Progress nuclear plants, or these documents contain information obtained from such audits, the disclosure of which would compromise PEF's competitive business interests.

11. Public disclosure of the internal audit documents and information in question would compromise PEF's ability to effectively audit the Company's major projects. If the Company were to know that its internal auditing controls and processes were subject to public disclosure, it may not be as thorough while conducting such audits. In addition, such information and documents are specifically defined by Section 366.093(3)(b) as proprietary confidential business information that is entitled to confidential status.

12. PEF is seeking confidential classification for portions of the documents produced in response to DR-3, requests 1a, 2a, 7a, and 13 and DR-7, requests 5 and 6. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain sensitive business information regarding the Company's planned construction schedule for the CR3 Uprate and Levy nuclear projects, the disclosure of which would compromise PEF's competitive business interests. Public disclosure of the information in question would allow other parties to discover when the Company plans to purchase and install various pieces of equipment for these projects and would thus impair PEF's ability to contract for such services on competitive and favorable terms.

13. PEF must negotiate and contract for certain pieces of equipment well in advance of the actual installation of that equipment. If potential vendors and utilities or other potential purchasers competing for the equipment orders knew when PEF must purchase such equipment, PEF's ability to negotiate for and timely obtain such equipment will likely be impaired. In order to obtain competitive contracts for the benefit of its ratepayers, PEF must be able to negotiate for long-lead items without potential vendors or competing purchasers knowing when the equipment

must be ordered to meet deadlines. For example, if potential vendors or competing purchasers knew that PEF needed a particular piece of equipment by a certain date, they may change their behavior in the marketplace to the detriment of PEF's ratepayers. PEF has kept confidential and has not publicly disclosed the proprietary schedule terms and provisions at issue here.

14. PEF is seeking confidential classification for portions of the documents produced in response to DR-3, request 9. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain information regarding land acquisition costs and the Company's site selection analysis, the disclosure of which would compromise PEF's competitive business interests.

15. Specifically, these documents reflect the Company's confidential analysis of various sites for new power generation within Florida. The sites which were considered by the Company for the Levy Nuclear project, but not chosen, may be candidate sites for future generation opportunities for PEF. In that case, it would be compromise PEF's competitive business interests if potential real estate owners were to know how PEF analyzed site selection and estimated land acquisition costs. Specifically, those real estate owners may alter their behavior in the marketplace regarding their asking price for selling that property, to the detriment of PEF and its ratepayers.

16. PEF is seeking confidential classification for portions of the documents produced in response to DR-4, request 12. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential



Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain information regarding possible technical solutions for the temperature and flow of the water at the discharge canal at Crystal River, the disclosure of which would compromise PEF's competitive business interests.

17. Specifically, PEF contracted with Sargent & Lundy to study the water temperature and flow at the discharge canal, which is impacted by the CR3 Uprate project. The study includes possible solutions to the problem, as well as analysis regarding the technical and practical effects of each solution. PEF must choose a solution and move forward with securing goods and services to implement that solution. If the potential suppliers of those goods and services were to know that PEF needed their particular goods and services to complete this project, they may change their behavior in the marketplace.

18. PEF is seeking confidential classification for portions of the documents produced in response to DR-6, request 2. A detailed description of the confidential information at issue is contained in confidential Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain information regarding the length of the refueling outage for the CR3 Uprate project, the disclosure of which would compromise PEF's competitive business interests.

19. Specifically, the specific number of days during which CR3 will be offline for the refueling outage is highly confidential to the Company. During that time period, the Company may need to enter into power purchase arrangements to account for the lost megawatts on PEF's system. If such suppliers of power were to be aware of the specific number of days that CR3

was to be offline, this could change the terms (such as price and quantity) of the power they are willing to offer to PEF during this refueling outage.

20. PEF is seeking confidential classification for portions of the documents produced in response to DR-6, request 3. A detailed description of the confidential information at issue is contained in *confidential* Appendix A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Appendix C. PEF is requesting confidential classification of portions of these documents, because they contain confidential and sensitive analyses of potential risks and strategies regarding the CR3 Uprate and Levy nuclear projects. These documents reflect the Company's internal strategies for evaluating projects and assessing potential risks that affect cost and schedules, the disclosure of which would compromise PEF's competitive business interests.

21. 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 PEF and its ratepayers could be compromised by PEF's competitors and/or suppliers changing their offers, consumption, or purchasing behavior within the relevant markets. For example, if one of PEF's suppliers was to know that PEF considered a particular good or service to be of utmost importance to the project, or that not timely obtaining such good or service was a risk to the timely completion of the project, that supplier could artificially increase the asking price for that good or service, to the detriment of the ratepayers.

22. Upon receipt of this confidential information, 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 developing 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.

23. This concludes my affidavit.

Further affiant sayeth not.

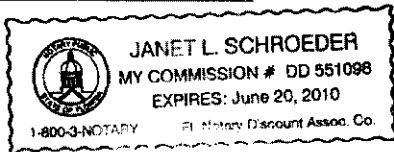
Dated the 24<sup>th</sup> day of July, 2008.




(Signature)  
Daniel L. Roderick  
Vice President  
Nuclear Projects and Construction  
Crystal River Unit 3  
Crystal River Energy Complex  
Site Administration 2C  
15760 West Power Line Street

Crystal River, Florida 34428

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 24<sup>th</sup> day of July, 2008 by Daniel L. Roderick. He is personally known to me, ~~or has produced his~~ driver's license, or his \_\_\_\_\_ as identification.



(AFFIX NOTARIAL SEAL)

  
\_\_\_\_\_  
(Signature)  
JANET L SCHROEDER  
\_\_\_\_\_  
(Printed Name)  
NOTARY PUBLIC, STATE OF FLORIDA  
\_\_\_\_\_  
06-20-2010  
\_\_\_\_\_  
(Commission Expiration Date)  
DD551098  
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(Serial Number, If Any)

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Project Management Internal Controls for  
Nuclear Plant Uprate and Construction Projects*

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**AFFIDAVIT OF DALE OLIVER IN SUPPORT OF PROGRESS ENERGY FLORIDA'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION  
REGARDING AUDIT REPORT, DATA REQUESTS, AND WORKPAPERS**

STATE OF FLORIDA

COUNTY OF PINELLAS

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

1. My name is Dale Oliver. I am over the age of 18 years old and I have been authorized by Progress Energy Florida (hereinafter "PEF" or the "Company") to give this affidavit in the above-styled proceeding on PEF's behalf and in support of PEF's Request for Confidential Classification. The facts attested to in my affidavit are based upon my personal knowledge.

2. I am the Vice President of Transmission Operations & Planning. This department is responsible for oversight of PEF's transmission system, including current operation and planning.

3. As the Vice President of Transmission Operations & Planning, I am responsible for the provision of transmission service on PEF's system, the operation of the Company's transmission system, the planning for the expansion of the PEF transmission system to meet

PEF's retail and wholesale customer service requirements, and the integration of PEF's transmission system with the Florida transmission grid.

4. PEF is seeking confidential classification for portions of responsive documents to DR-1, request 1a and DR-3, requests 1a and 9. A detailed description of the confidential information at issue is contained in confidential Exhibit A to PEF's Request for Confidential Classification and is outlined in PEF's Justification Matrix that is attached to PEF's Request for Confidential Classification as Exhibit C. PEF is requesting confidential classification of these documents because they include confidential and proprietary transmission studies, the disclosure of which would compromise PEF's competitive business interests and place PEF's critical energy infrastructure at risk.

5. Specifically, these transmission studies provide details regarding PEF's existing transmission line system as well as information and recommendations for future transmission infrastructure development. Disclosure of this study would impair PEF's competitive business interests by providing third parties with information regarding PEF's future plans for expanding and improving its transmission system. For example, if third party real property owners were to know the planned locations of new transmission line corridors, they may raise the asking price of their property, thus making it more expensive for PEF to purchase necessary easements and property for those transmission corridors. Likewise, if third party contractors with whom PEF contracts to construct the transmission lines were to know PEF's specific transmission needs, they could increase the price of those goods and services.

6. Disclosure of the information in this transmission study would also threaten the security of PEF's existing and proposed transmission lines, which are considered to be critical energy infrastructure. Specifically, portions of the transmission study contain critical energy infrastructure information, which is specific engineering, vulnerability, or detailed information about proposed or existing critical infrastructure (physical or virtual) that relates details about the

production, generation, transmission or distribution of energy and could be useful to a person planning an attack on critical infrastructure.

7. Upon receipt of this confidential information, and with its own confidential information, strict procedures are established and followed to maintain the confidentiality 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. 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.

8. This concludes my affidavit.

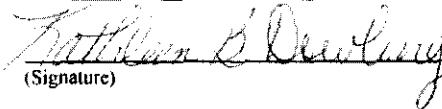
Further affiant sayeth not.

Dated the 24<sup>th</sup> day of July, 2008.



(Signature)  
Dale Oliver  
Vice President  
Transmission Operations & Planning  
299 First Avenue North  
St. Petersburg, Florida 33701

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 24 day of July, 2008 by Dale Oliver. He is personally known to me, or has produced his \_\_\_\_\_ driver's license, or his \_\_\_\_\_ as identification.



(Printed Name)  
NOTARY PUBLIC, STATE OF \_\_\_\_\_

(AFFIX NOTARIAL SEAL)



(Commission Expiration Date) \_\_\_\_\_

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