

REDACTED

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Determination)
of Need for Citrus County Combined)
Cycle Power Plant)
_____)

DOCKET NO. 140110-EI
Submitted for filing: June 17, 2014

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COMMISSION CLERK

DUKE ENERGY FLORIDA, INC.'S FIRST REQUEST FOR CONFIDENTIAL CLASSIFICATION REGARDING PORTIONS OF TESTIMONY EXHIBITS FILED IN SUPPORT OF THE COMPANY'S PETITION FOR DETERMINATION OF NEED FOR THE CITRUS COUNTY COMBINED CYCLE POWER PLANT

Duke Energy Florida, Inc. ("DEF" or the "Company"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006(3), Florida Administrative Code ("F.A.C."), files this Request for Confidential Classification Regarding Portions of Testimony Exhibits filed in support of the Company's Petition for Determination of Need for the Citrus County Combined Cycle Power Plant (the "Request"). DEF is seeking confidential classification of the following materials filed with the Florida Public Service Commission ("FPSC" or the "Commission") in the above referenced docket on May 27, 2014: (1) portions of Exhibit BMHB-1 to the Direct Testimony of Benjamin M.H. Borsch, Exhibits KD-1 and KD-2 to the Direct Testimony of Kevin Delehanty, Exhibits ES-2 and ES-3 to the Direct Testimony of Ed Scott, and portions of Exhibit AST-1 to the Direct Testimony of Alan Taylor. An unredacted version of the documents discussed above is being filed under seal with the Commission as Appendix A on a confidential basis to keep the competitive business information in those documents confidential.

In support of this Request, DEF states as follows:

The Confidentiality of the Documents at Issue

Section 366.093(1), Florida Statutes, provides that "any records received by the

Commission which are shown and found by the Commission to be proprietary confidential

business information shall be kept confidential and shall be exempt from [the Public Records

Act]." § 366.093(1), Fla. Stat. Proprietary confidential business information means information

COM _____
AFD 1
APA _____
ECO 1
ENG 4 + Ex B
GCL 1
IDM _____
TEL _____
CLK _____

that is (i) intended to be and is treated as private confidential information by the Company, (ii) because disclosure of the information would cause harm, (iii) either to the Company's ratepayers or the Company's business operation, and (iv) the information has not been voluntarily disclosed to the public. § 366.093(3), Fla. Stat. Specifically, "information concerning bids or other 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" is defined as proprietary confidential business information. § 366.093(3)(d), Fla. Stat. Additionally, subsection 366.093(3)(e) defines "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information," as proprietary confidential business information.

Testimony Exhibits

As listed above, Exhibit No. BMHB-1 of Mr. Borsch contains confidential and sensitive information and numbers regarding the need determination study to construct a 1640 MW (summer rating) state-of-the-art natural gas-fired, combined cycle power plant to meet the need for additional generating capacity in 2018, the disclosure of which would impair DEF's competitive business interests and ability to negotiate favorable contracts., as well as violate contractual nondisclosure provisions of bidders. See Affidavit of Borsch, ¶ 5. In order to obtain proposals, DEF must be able to ensure potential bidders that the terms of their bids will be kept confidential. If such assurances are not provided, potential bidders know that the terms of their bids are subject to public disclosure, they might withhold sensitive information necessary for the utility to fully understand and accurately assess the costs and benefits of their proposals. Persons or companies who otherwise would have submitted bids in response to the utility's RFP might not do so if there is no assurance that their proposals would be protected from disclosure. Furthermore, the information at issue relates to the competitive interests of DEF and the bidding entities, the disclosure of which would impair their competitive business interests. See Affidavit

of Borsch, ¶ 5.

Additionally, DEF is requesting confidentiality classification of Exhibits KD-1 and KD-2. These exhibits contain confidential information of the Company's forecasts of pricing. This information would adversely impact DEF's competitive business interests if disclosed to third parties. See Affidavit of Delehanty, ¶ 5. As such, this information qualifies as "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information," and as proprietary confidential business information under subsection 366.093(3)(e), Fla. Stat.

DEF is also requesting confidentiality classification of Exhibit ES-2 and ES-3. Exhibit ES-2 is the confidential transmission groups evaluated in the Company's transmission screening studies of the 2018 RFP proposals in accordance with the 2018 RFP. Exhibit ES-3 is a confidential description of the potential generating facility acquisitions evaluated for transmission cost impacts to the DEF transmission system. If third parties were to know DEF's specific transmission needs, they could increase the price of those goods and services. Affidavit of Scott, ¶ 3.

DEF is also requesting confidentiality classification of portions of Exhibit AST-1 as well. Exhibit AST-1 is a confidential review and evaluation of the utility's 2013 solicitation and responses for competitive power supplies.

Disclosure of any of this information would adversely impact DEF's competitive business interests. Specifically, the information at issue relates to competitively negotiated contractual data the disclosure of which would impair the efforts of the Company to negotiate on favorable terms. Affidavit of Borsch, ¶ 6, Delehanty, ¶ 5, Scott, ¶¶ 4-5. The Company must be able to assure these vendors that sensitive business information 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. Id. If third parties were made aware of confidential

contractual terms and conditions that the Company has with other parties, they may offer DEF less competitive contractual terms and conditions in any future contractual negotiations. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts between DEF and these contractors, the Company's efforts to obtain competitive contracts would be undermined. Affidavits of Borsch, ¶ 6, Delehanty, ¶ 5, Scott, ¶ 5.

Confidentiality Procedures

Strict procedures are established and followed to maintain the confidentiality of the terms of all of the confidential documents and information at issue, including restricting access to those persons who need the information and documents to assist the Company. See Affidavits of Borsch, ¶ 7, Delehanty, ¶ 6, Scott, ¶ 6.

At no time has the Company publicly disclosed the confidential information or documents at issue; DEF has treated and continues to treat the information and documents at issue as confidential. See Affidavits of Borsch, ¶ 8, Delehanty, ¶ 6, Scott, ¶ 7. DEF requests this information be granted confidential treatment by the Commission.

Conclusion

The competitive, confidential information at issue in this Request fits the statutory definition of proprietary confidential business information under Section 366.093, Florida Statutes, and Rule 25-22.006, F.A.C., and therefore that information should be afforded confidential classification. In support of this motion, DEF has enclosed the following:

(1) A separate, sealed envelope containing one copy of the confidential Appendix A to DEF's First Request for Confidential Classification which DEF intends to request confidential classification with the appropriate section, pages, or lines containing the confidential information highlighted. **This information should be accorded confidential treatment pending a decision on DEF's Request by the Commission;**

(2) Two copies of the documents with the information for which DEF intends to request confidential classification redacted by section, pages, or lines where appropriate as Appendix B; and,

(3) A justification matrix of the confidential information contained in Appendix A supporting DEF's Request, as Appendix C.

WHEREFORE, DEF respectfully requests that the redacted portions of the exhibit of Mr. Borsch; the redacted portions of the exhibits of Mr. Delehanty, the redacted portions of the exhibits of Mr. Scott, and the redacted portions of the exhibit of Mr. Taylor be classified as confidential for the reasons set forth above.

Respectfully submitted this 17th day of June, 2014.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic mail this 17th day of June, 2014.

/s/ Blaise N. Gamba

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Determination)
of Need for Citrus County Combined)
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DOCKET NO. 140110-EI

**DUKE ENERGY FLORIDA, INC.'S
FIRST REQUEST FOR CONFIDENTIAL
CLASSIFICATION**

EXHIBIT B

NEED DETERMINATION STUDY

In Support of

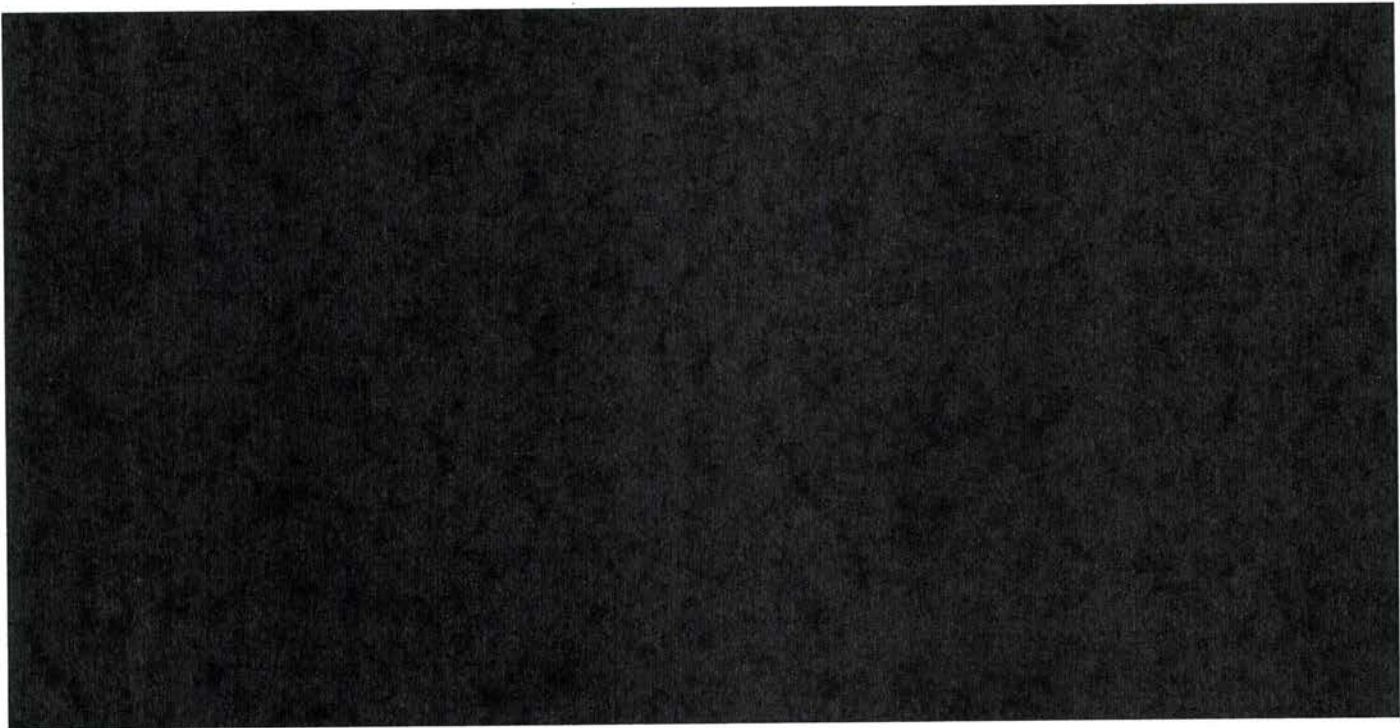
**DUKE ENERGY FLORIDA'S
PETITION FOR DETERMINATION OF NEED
OF CITRUS COMBINED CYCLE UNIT**

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gas price forecasts around the Fundamental Natural Gas Forecast. Based on these calculations, the low natural gas forecast is 18 percent lower and the high natural gas forecast is 14 percent higher than the Duke Energy Fundamental Natural Gas Forecast, as shown in the table below. Duke Energy's methodology reasonably anchors its low and high natural gas price scenarios to contemporary industry natural gas price forecasts and ensures that the range of potential natural gas prices in the Duke Energy Fundamental Natural Gas Forecast is not out of line with industry forecasts.



Duke Energy has included a price on carbon within its base fundamentals outlook since 2006 as a way of capturing the potential impact of uncertain future policy. Although current legislative efforts to enact a policy that places a national price on carbon remain highly uncertain, it is still a possibility. Therefore, Duke Energy believes it is prudent to model a price on carbon as a way of capturing the risk of potential, but uncertain future legislation and pending EPA regulation of CO₂, and the impact of carbon policy at the national level within the context of its fundamental fuel price outlook. The carbon price Duke Energy currently uses in its fundamentals forecast is a direct input to the process and has been set at a level we believe to be a reasonable trajectory to represent the risk of federal climate change legislation or regulation given the current uncertainty

Appendix D - Descriptions of Proposals

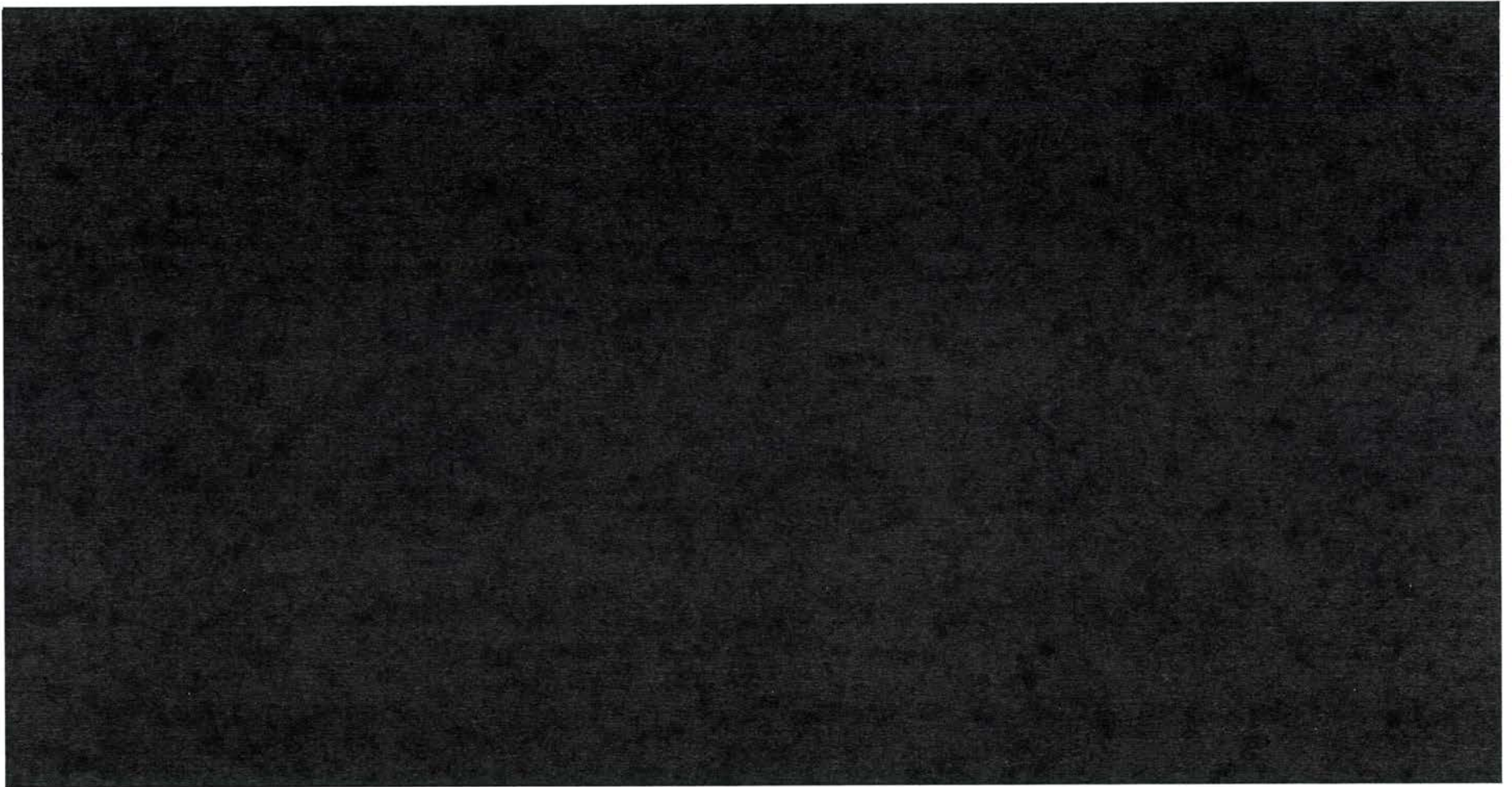
(Pages 1 through 5)

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This document is confidential in it's entirety

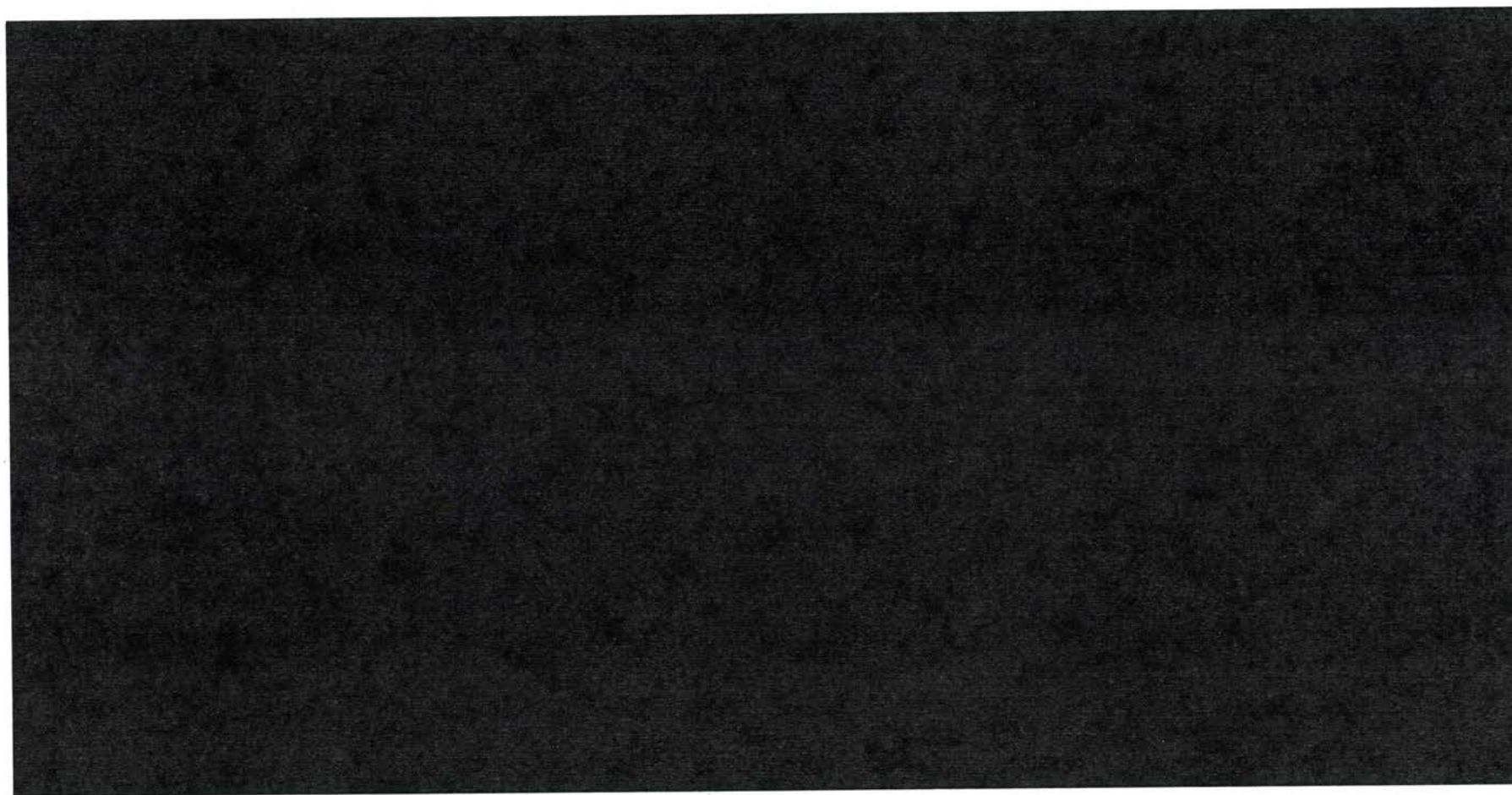
Docket No. _____
Duke Energy Florida
Exhibit No. _____ (KD-1)
Page 1 of 1

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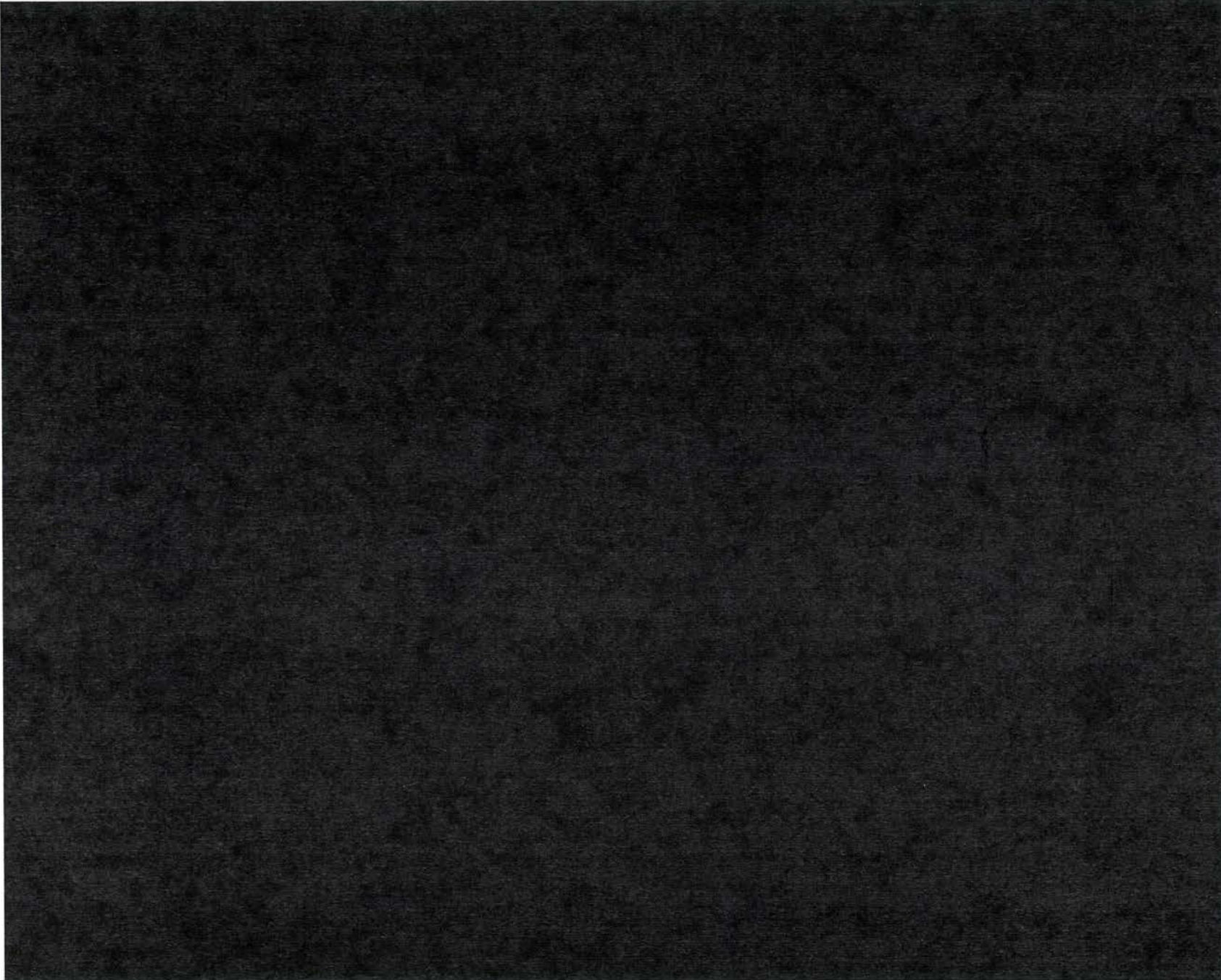
Docket No. _____
Duke Energy Florida
Exhibit No. _____ (KD-2)
Page 1 of 1



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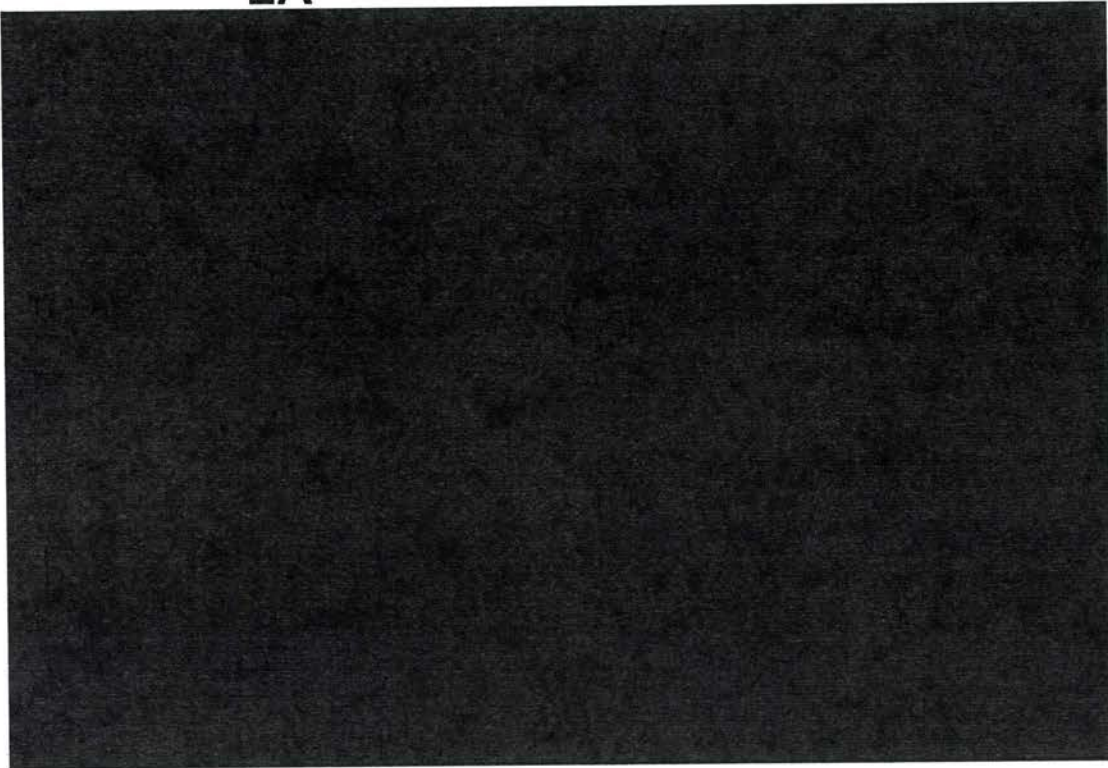
RFP Transmission Resource Plans Groups

Docket No. _____
Duke Energy Florida
Exhibit No. _____ (ES-2)
Page 1 of 1



2A

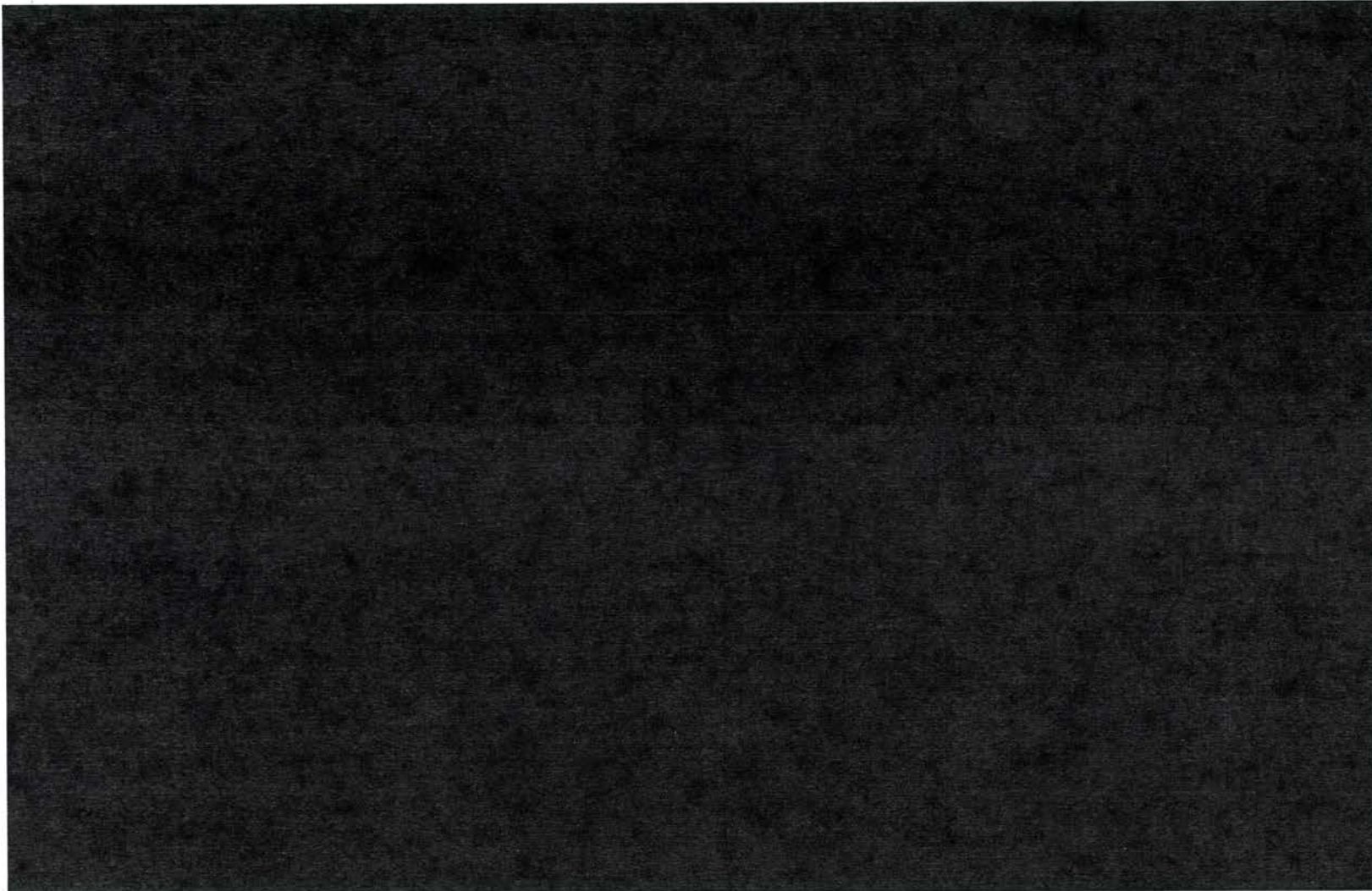
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Docket No. _____
Duke Energy Florida
Exhibit No. _____ (ES-3)
Page 1 of 10

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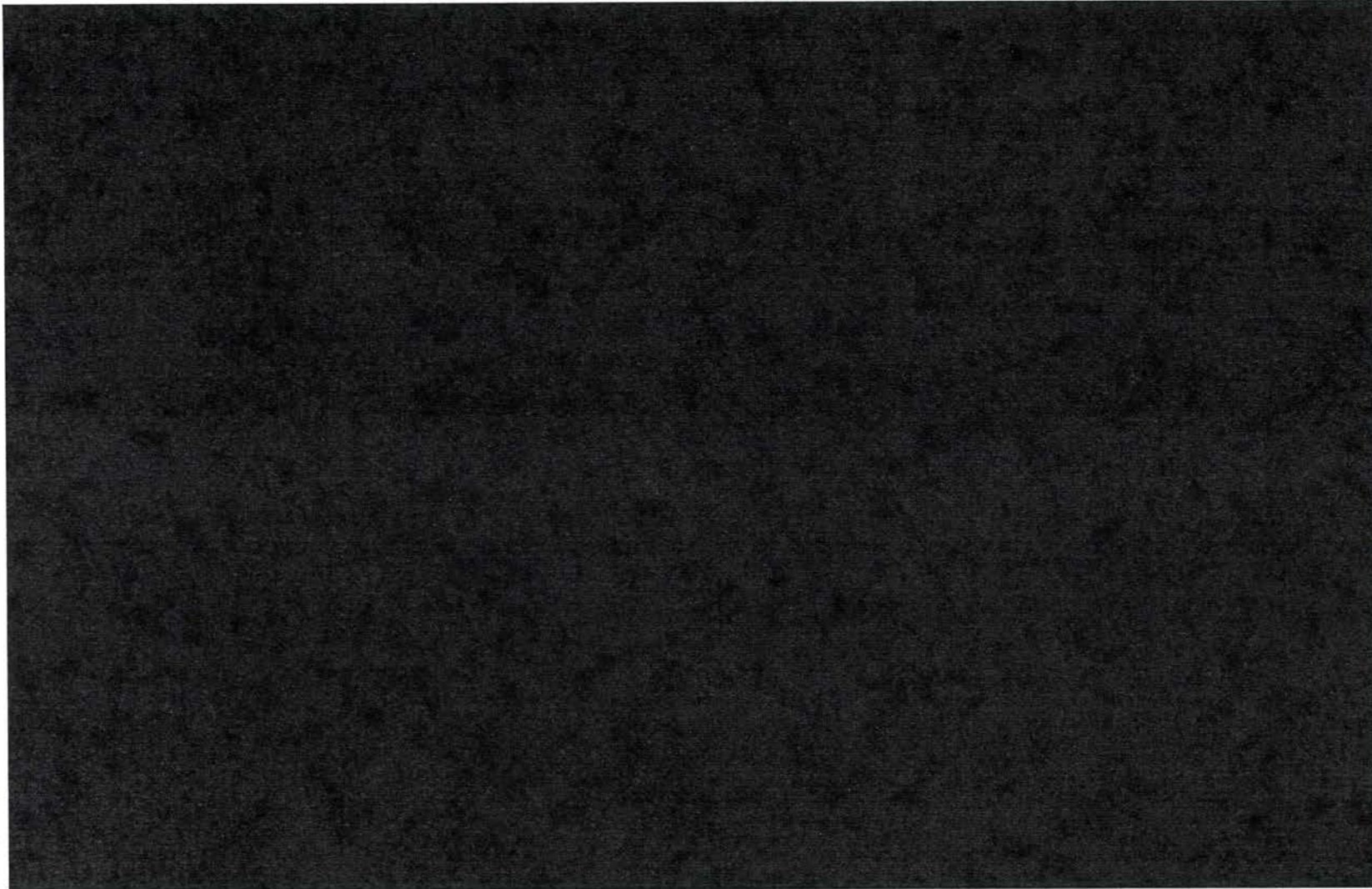
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3A

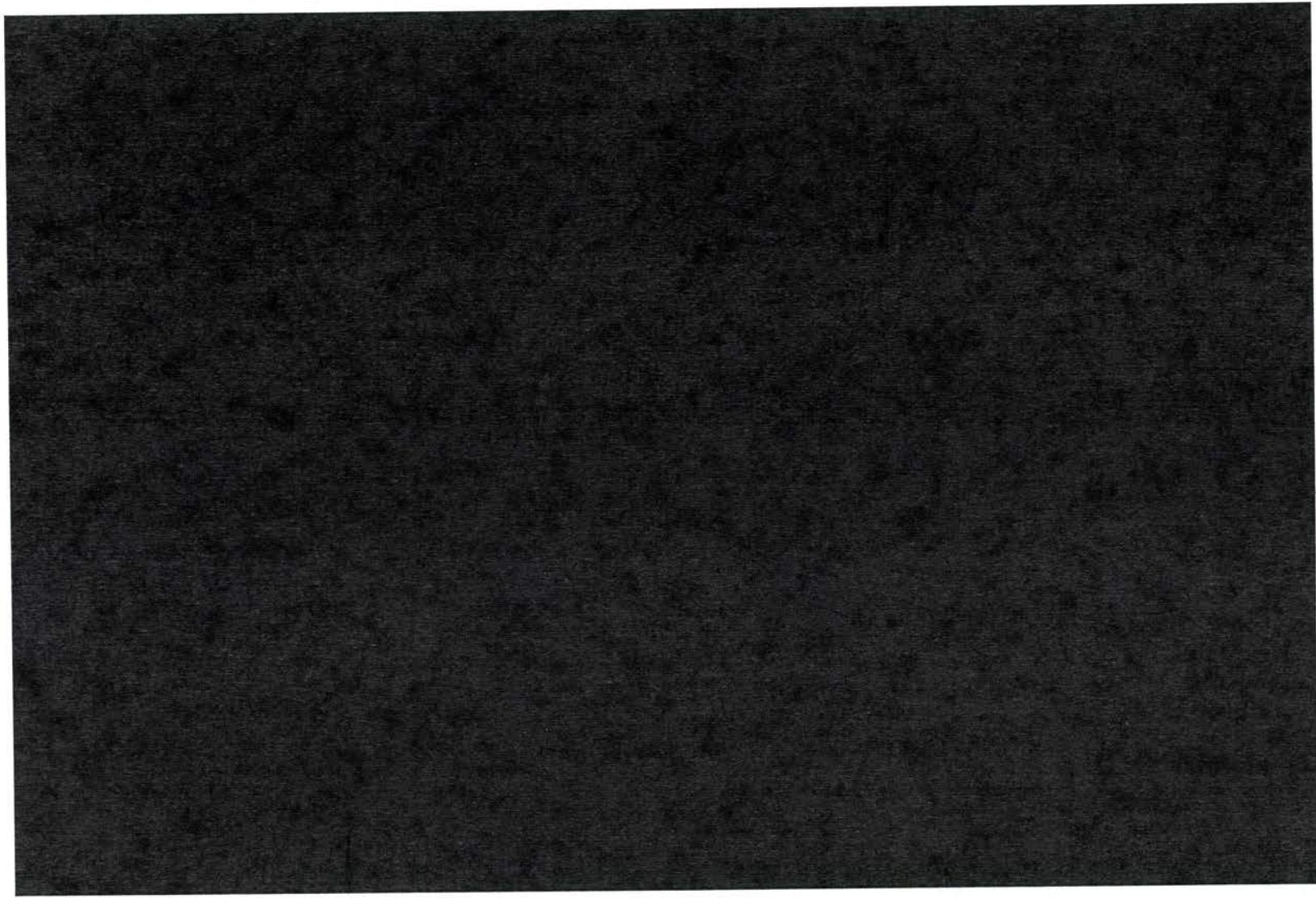
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Docket No. _____
Duke Energy Florida
Exhibit No. _____ (ES-3)
Page 3 of 10



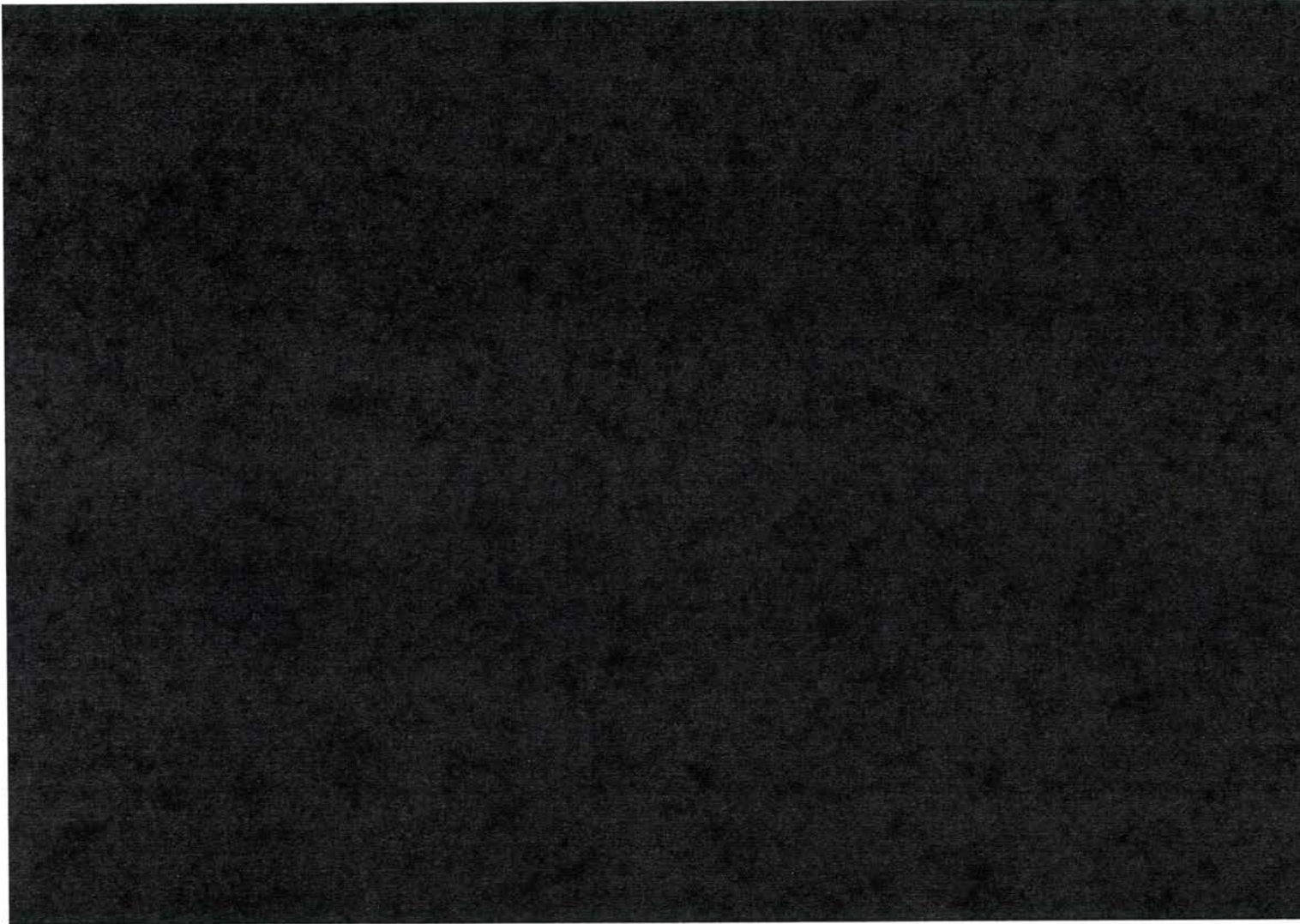
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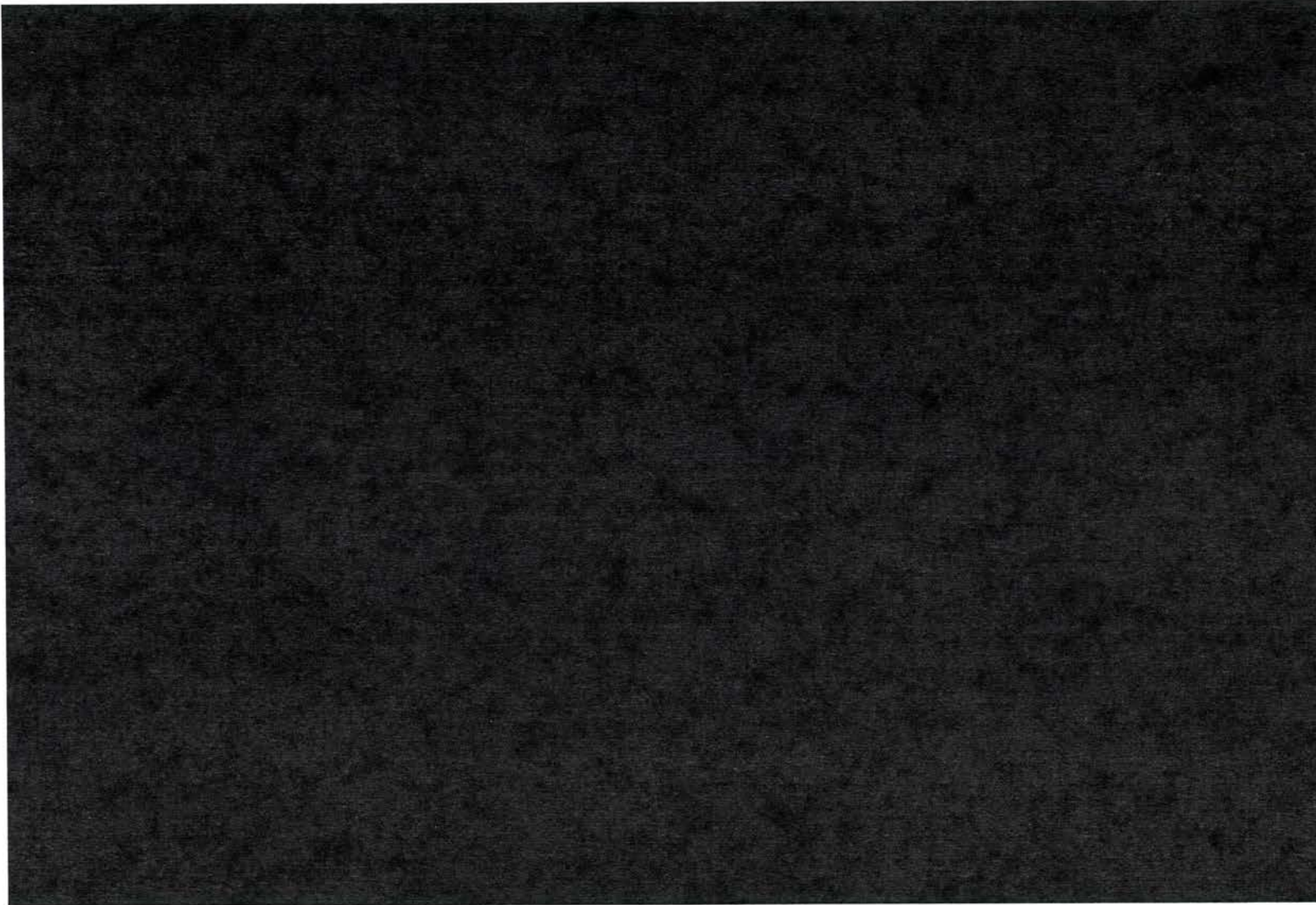
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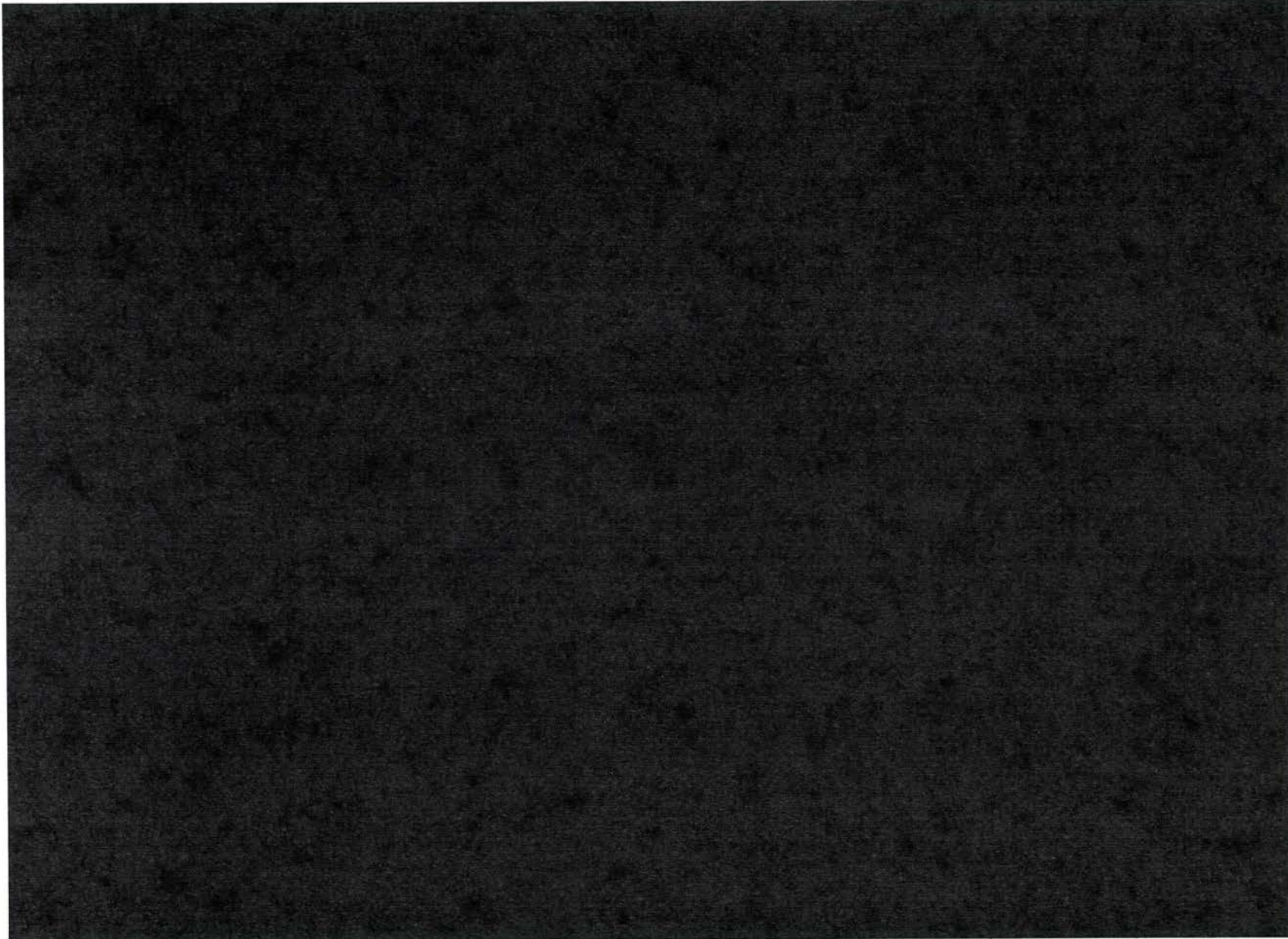
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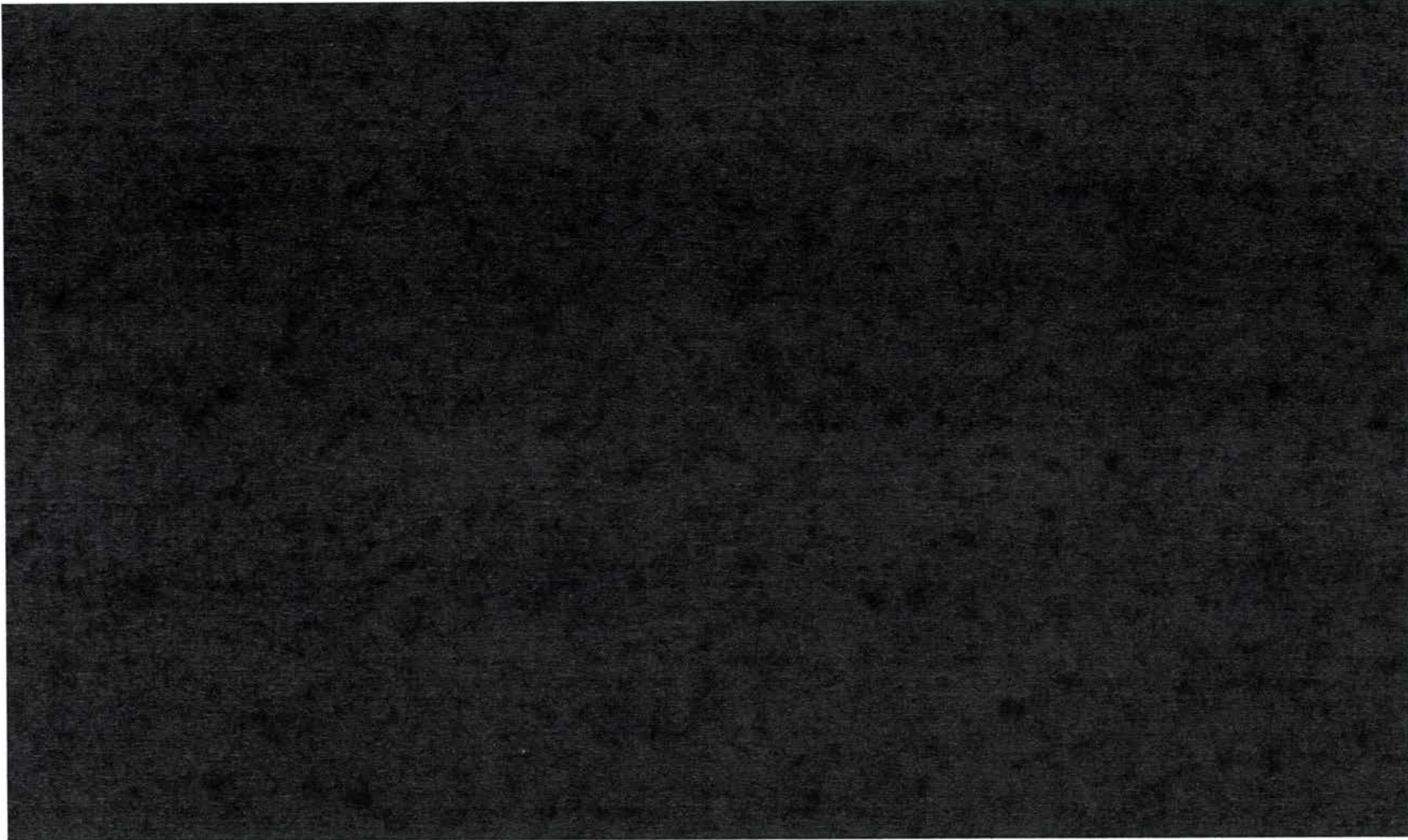
Docket No. _____
Duke Energy Florida
Exhibit No. _____ (ES-3)
Page 7 of 10



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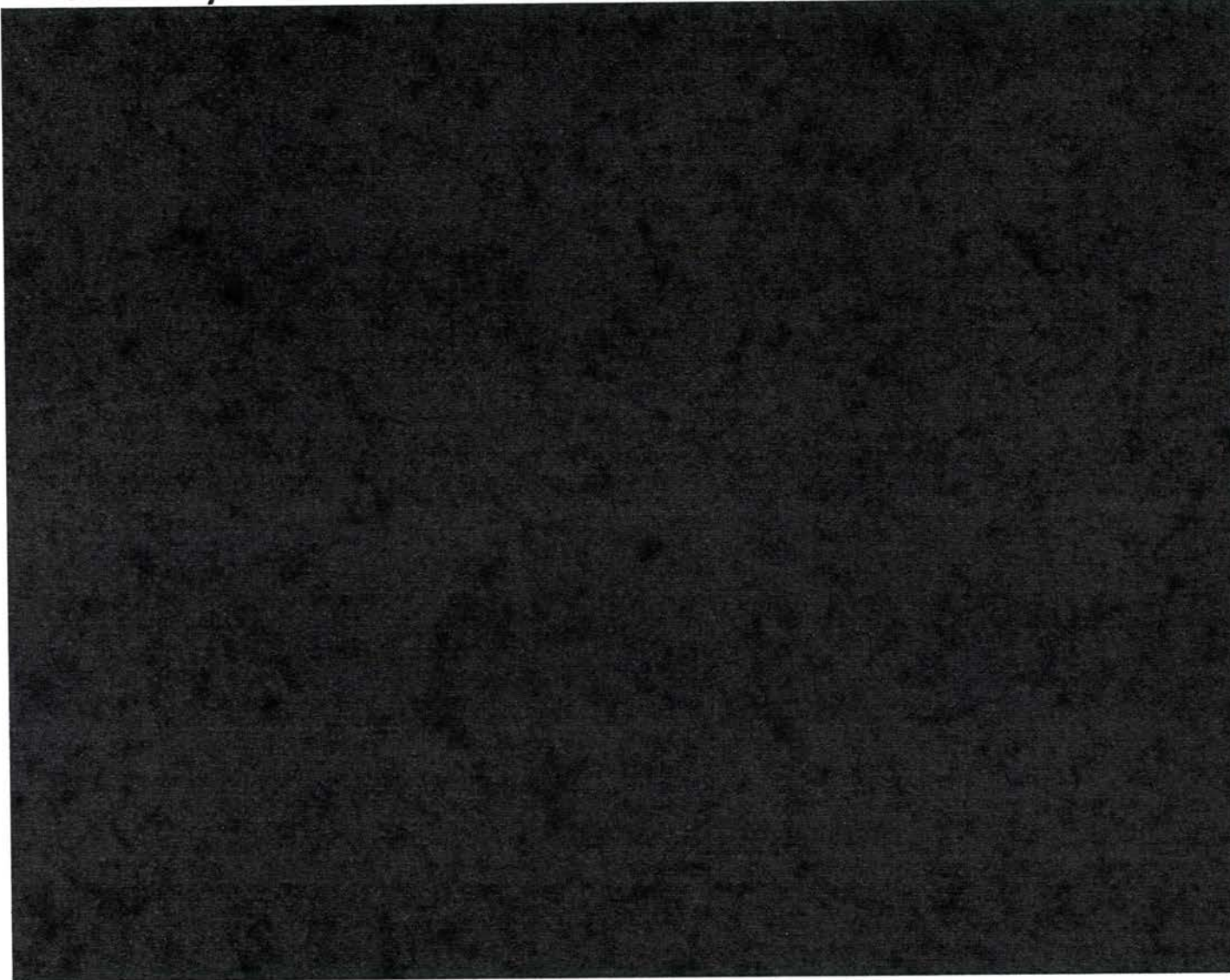
Docket No. _____
Duke Energy Florida
Exhibit No. _____ (ES-3)
Page 8 of 10



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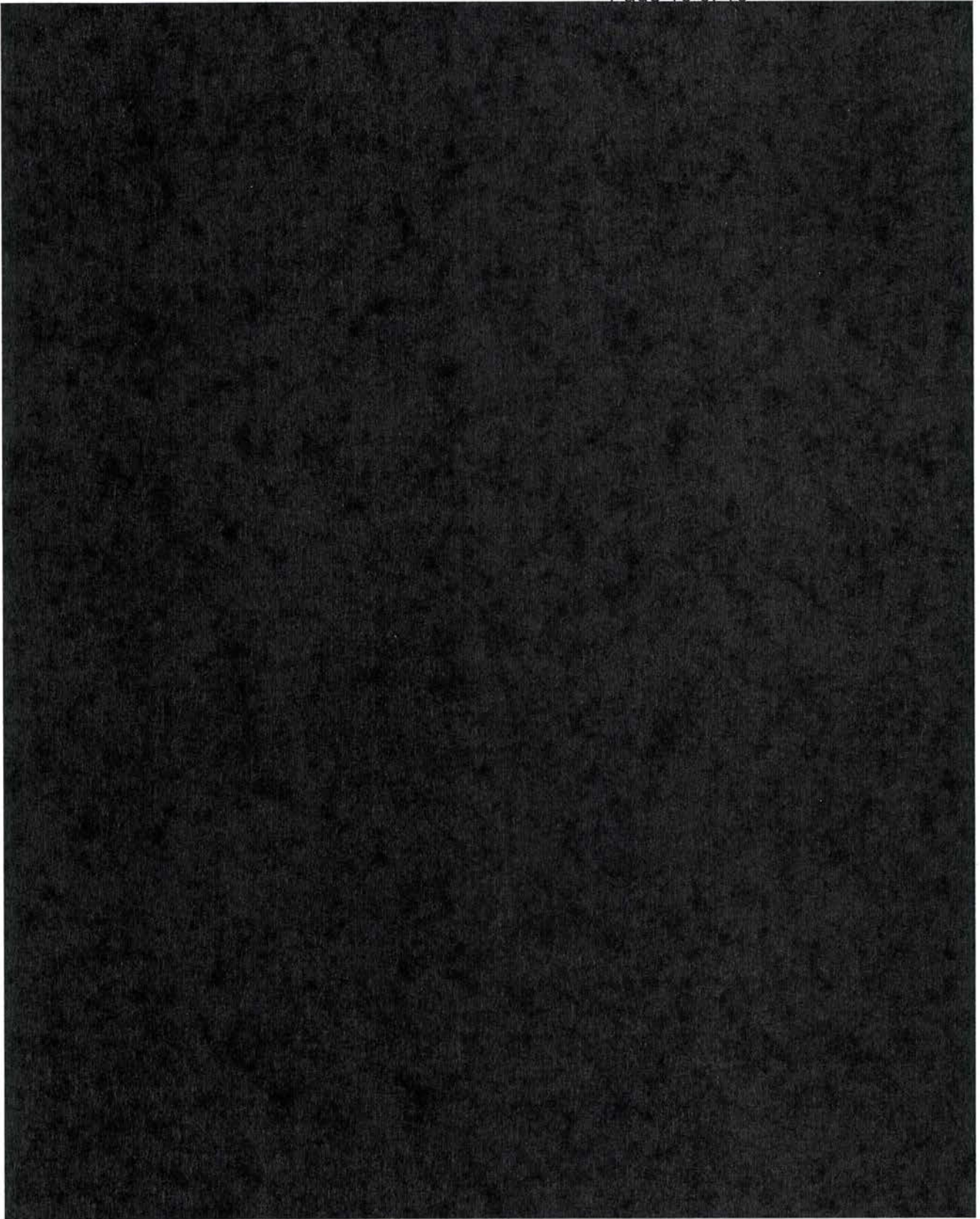
Docket No. _____
Duke Energy Florida
Exhibit No. _____ (ES-3)
Page 9 of 10

Summary of Estimated Transmission Cost by Group



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Exhibit No. _____ (ES-3)
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Introduction and Background

On October 8, 2013, Duke Energy Florida, Inc. (DEF) issued a Request for Proposals (RFP) for 2018 capacity and energy from resources that might be more cost-effective for its customers than its Next Planned Generating Unit (NPGU) – a 1,640 MW combined-cycle (CC) facility proposed to be sited in Citrus County, Florida.

Sedway Consulting, Inc. (Sedway Consulting) was retained to provide independent monitoring and evaluation services to DEF and provide a parallel economic evaluation of responses to the RFP. This independent evaluation report documents Sedway Consulting's evaluation process and presents the results of Sedway Consulting's economic analysis. It describes:

- the proposals that were received in response to DEF's 2018 RFP,
- Sedway Consulting's proprietary Response Surface Model (RSM) which was used to conduct the parallel economic evaluation,
- fundamental assumptions that were applied, and
- additional economic factors that affected the final cost of each resource.

Receipt of Proposals

In DEF's RFP, bidders were instructed to upload proposals to DEF via a web-based bid submission platform by December 9, 2013 and deliver a copy directly to Sedway Consulting via flash-drives one day later. On or before December 10, 2013, Sedway Consulting received 12 proposals associated with seven projects from five power suppliers (with DEF's NPGU proposal included as one proposal/project/supplier in these totals). All but one of the projects were natural gas-fired technologies. The response to the RFP did not yield enough proposed transactions with enough capacity to match the MWs of DEF's NPGU. However, DEF had declared in the RFP and during the RFP Question & Answer (Q&A) process that it would develop and evaluate sufficiently-sized portfolios of proposals and generic self-build resources. DEF and Sedway Consulting therefore undertook the review and evaluation of all of the proposals with that in mind.

The 12 proposals/seven projects entailed the following:

1. [REDACTED] a [REDACTED] power purchase agreement (PPA) for capacity and energy deliveries commencing May 1, 2018 [REDACTED] Hereafter, this proposal will be referred to as Proposal A in the unredacted portions of this report.
2. [REDACTED] a [REDACTED] PPA for capacity and energy deliveries commencing May 1, 2018 [REDACTED] Hereafter, this proposal will be referred to as Proposal B in the unredacted portions of this report.

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3. _____)
PPA for capacity and energy deliveries commencing May 1, 2018 _____. The bidder provided alternative proposals for two PPAs of different durations – one of approximately _____ with an expiration date of _____ and a second of approximately _____ with an expiration date of _____. Hereafter, these two proposals will be referred to as Proposal C1 (for the shorter PPA) and Proposal C2 (for the longer PPA) in the unredacted portions of this report.
4. _____ a _____, with three options offered: a _____ PPA for capacity and energy deliveries commencing May 1, 2018, a _____ PPA for deliveries commencing January 1, 2015, and an asset sale offer. Hereafter, these proposals will be referred to as Proposals D1 (for the 2018 PPA), D2 (for the 2015 PPA) and D3 (for the asset sale) in the unredacted portions of this report.
5. _____ a _____ with three options offered: a _____ PPA for capacity and energy deliveries commencing May 1, 2018, a _____ PPA for deliveries commencing January 1, 2015, and an asset sale offer. Hereafter, these proposals will be referred to as Proposals E1 (for the 2018 PPA), E2 (for the 2015 PPA) and E3 (for the asset sale) in the unredacted portions of this report.
6. _____ : a _____ PPA for capacity and energy deliveries commencing January 1, 2019 _____. Hereafter, this proposal will be referred to as Proposal F in the unredacted portions of this report.
7. **DEF's NPGU:** a 1,640 MW (summer capacity) new CC facility to be built in two phases at a proposed site in Citrus County, Florida – with the first 820 MW phase to come on-line by May 1, 2018 and the second 820 MW phase to come on-line by December 1, 2018.

Table A-1 depicts key information for each of the proposals and DEF's NPGU. Specifically, the table includes each resource's:

- first-year summer capacity,
- power plant type,
- year that the PPA or asset transaction is expected to commence deliveries,
- PPA term (or economic life in the case of asset transaction),
- levelized capacity price or capital-related revenue requirement plus fixed operation and maintenance (O&M) price/charges (over the PPA term or asset life)
- full load heat rate (averaged over the PPA term or asset life), and
- levelized variable O&M charge.

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For Proposal C, the shorter-term PPA (i.e., Proposal C1) was found to be more cost-effective than the bidder's longer-term option. For Proposals D and E, the primary PPA proposals (i.e. Proposals D1 and E1, with start dates in 2018) were found to be the most cost-effective offers among those associated with each of those facilities. Thus, the table includes statistics for those best proposal options.

Table A-1 Summary of Proposals and DEF's NPGU							
Resource	Sum. Cap. (MW)	Type	Start Year	Term/Econ. Life (yrs)	Cap. Price (\$/kW-mo)	Full Load Heat Rate (Btu/kWh)	Var. O&M (\$/MWh)
Proposal A	█	█	2018	█	█	█	█
Proposal B	█	█	2018	█	█	█	█
Proposal C1	█	█	2018	█	█	█	█
Proposal D1	█	█	2018	█	█	█	█
Proposal E1	█	█	2018	█	█	█	█
Proposal F	█	█	2019	█	█	█	█
NPGU	1,640	CC	2018	35	8.64	6,730	3.35

It is important to note that the levelized capacity price for DEF's NPGU in Table A-1 includes all capital costs (for generation and transmission investments) and fixed O&M costs. Unlike the NPGU, none of the bid information in Table A-1 includes transmission costs – all of which were calculated as described later in this report and subsequently added to the bid costs.

Disqualification Decisions

Sedway Consulting reviewed all of the proposals to ensure that they met the RFP's threshold requirements. Although there were a few areas where some proposals may not have completely met a strict interpretation of the RFP's requirements, DEF and Sedway Consulting agreed to defer these concerns and proceed with the evaluation of all proposals and consider these issues in a qualitative assessment later, if necessary. Thus, no proposals were disqualified.

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Table A-6
Ranking of Proposals/Resources
(Cost and Benefit Components of Levelized Net Cost)

Proposal/Resource	First-Year Capacity	Start Date	Capacity & Fixed O&M Cost	Firm Gas Transp. Cost	Transx Cost	Debt Equiv. Cost	Total Cost	Energy Benefits	Levelized Net Cost
	(MW)								
Proposal B	█	5/1/18	█	█	█	█	█	█	█
<i>Back-Fill</i>	793	Varies	9.23	5.60	0.35	0.00	15.18	10.03	5.14
DEF Citrus County	1,640	5/1/18	8.64	8.41	0.00 ¹	0.00	17.04	9.47	7.57
<i>Side-Fill – CC Dec</i>	793	12/1/18	9.10	5.84	0.35	0.00	15.29	6.46	8.83
Proposal A	█	5/1/18	█	█	█	█	█	█	█
<i>Side-Fill – CC May</i>	793	5/1/18	9.23	5.84	0.35	0.00	15.42	6.33	9.09
<i>Side-Fill – CT Dec</i>	187	12/1/18	4.48	6.02	0.49	0.00	10.99	1.47	9.52
<i>Side-Fill – CT May</i>	187	5/1/18	4.55	6.02	0.49	0.00	11.05	1.43	9.62
Proposal C1	█	5/1/18	█	█	█	█	█	█	█
Proposal C2	█	5/1/18		█	█	█	█	█	█
Proposal D1	█	5/1/18		█	█	█	█	█	█
Proposal E1	█	5/1/18		█	█	█	█	█	█
Proposal F	█	1/1/19		█	█	█	█	█	█
Proposal E2	█	5/1/15		█	█	█	█	█	█
Proposal D3	█	1/1/15		█	█	█	█	█	█
Proposal E3	█	1/1/15		█	█	█	█	█	█
Proposal D2	█	5/1/15		█	█	█	█	█	█

¹ NPGU transmission costs are included in the capacity cost value.

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Confidentiality Justification Matrix

DOCUMENT	PAGE/LINE/ COLUMN	JUSTIFICATION
Direct Testimony of Benjamin M.H. Borsch, (Exhibit No. BMHB-1)	Page 46, Middle of page, Table in its entirety; Pages 290 through 294, entire pages exclusive of headings on page 290	<p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual 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), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
Direct Testimony of Kevin Delehanty (Exhibit No. KD-1)	Entire document	<p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual 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), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
Direct Testimony of Kevin Delehanty(Exhibit No. KD-2)	Entire document	<p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual 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), Fla. Stat. The document portions in question</p>

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Confidentiality Justification Matrix

DOCUMENT	PAGE/LINE/ COLUMN	JUSTIFICATION
		contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.
Direct Testimony of Ed Scott (Exhibit No. ES-2)	Entire Page	<p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual 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), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>
Direct Testimony of Ed Scott (Exhibit No. ES-3)	Pages 1 through 4 in their entirety	<p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual 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), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>