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May 15, 2017

Ms. Carlotta Stauffer, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

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2017 MAY 16 AM 9:43  
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**REDACTED**

Dear Ms. Stauffer:

Enclosed is Gulf Power Company's Request for Confidential Classification for certain portions of its response to Staff's First Data Request concerning Gulf's 2017 Ten Year Site Plan, specifically numbers 2-73. Also enclosed is a DVD containing the requested electronic files.

Sincerely,

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

cc w/o encl.: Florida Public Service Commission  
Orlando Wooten, Division of Engineering  
Phillip Ellis, Division of Engineering  
Beggs & Lane  
Jeffrey A. Stone, Esq.

COM \_\_\_\_\_  
AFD \_\_\_\_\_  
APA \_\_\_\_\_  
ECO \_\_\_\_\_  
ENG \_\_\_\_\_  
GCL \_\_\_\_\_  
IDM \_\_\_\_\_  
TEL (1 DVD) + 1 \_\_\_\_\_  
CLK \_\_\_\_\_  
redacted

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Review of Gulf Power Company's  
2017 Ten-Year Site Plan  
\_\_\_\_\_)

Docket No.: Undocketed  
Date: May 16, 2017

**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

GULF POWER COMPANY ["Gulf Power", "Gulf", or the "Company"], by and through its undersigned attorneys and pursuant to Rule 25-22.006, Florida Administrative Code, hereby files a request that the Florida Public Service Commission enter an order protecting from public disclosure certain information submitted by Gulf Power in response to Commission Staff's First Data Request relating to Gulf Power's 2017 Ten-Year Site Plan. As grounds for this request, the Company states:

1. A portion of the information submitted by Gulf Power in response to questions numbered 2, 42 and 63 of Commission Staff's First Data Request constitutes proprietary confidential business information the disclosure of which would impair the competitive business of the provider of the information and Gulf's efforts to contract for goods and/or services on favorable terms. As explained below, the information is entitled to confidential classification pursuant to section 366.093(3)(e), Florida Statutes.

2. Tables in Appendix "A" to question number 2 labeled as "Nominal Delivered Coal Prices—Base Case" and "Nominal, Delivered Distillate Oil and Natural Gas Prices—Base Case" and Gulf's response to question number 63 contain Gulf Power's internal pricing forecasts for coal, natural gas and distillate oil through the year 2026. This data was developed by Gulf, Southern Company Services, 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, Southern Company Services, 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 such information, 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 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. This information 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. Protection of this information has taken on added importance recently given data mining trends in the industry. Trade publications are increasingly scouring regulatory filings, compiling data and selling these packaged products to industry participants such as commodity suppliers. Consequently, this information is entitled to confidential classification pursuant to section 366.093(3)(a) and (e), Florida Statutes. The Commission has previously determined that Gulf's fuel price forecasting data constitutes proprietary confidential business information pursuant to section 366.093(3), Florida Statutes. See e.g., Order No. PSC-14-0368-CFO-EI.

3. Gulf's response to question number 42 identifies internal cost estimates for the construction, operation and maintenance of a 2-on-1 Combined Cycle generating facility. This proprietary cost data was developed by the Company and its outside consultants at significant expense. Disclosure of this information would economically harm the Company in that competitors would be able to benefit from the information and analysis without similarly being required to purchase and/or develop the information on their own. Additionally, public disclosure of this information could provide market insight into the Company's internal resource planning decisions and potentially result in suppliers charging higher prices for goods and services than would otherwise be the case. The foregoing information is therefore confidential pursuant to section 366.093(3)(e), Florida Statutes.

4. The information filed pursuant to this Request is intended to be, and is treated as, confidential by Gulf Power and, to this attorney's knowledge, has not been otherwise publicly disclosed.

5. Submitted as Exhibit "A" are copies of the subject documents, on which are highlighted the information for which confidential classification is requested. Exhibit "A" should be treated as confidential pending a ruling on this request.<sup>1</sup> Attached as Exhibit "B" are two (2) edited copies of the subject documents, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line/field-by-field justification for the request for confidential classification.

**WHEREFORE**, Gulf Power Company respectfully requests that the Commission enter an order protecting the information highlighted on Exhibit "A" and the related DVD from public disclosure as proprietary confidential business information.

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<sup>1</sup> In addition to hard copies, Gulf Power is producing one DVD titled "Confidential" which includes an electronic version of the subject responses highlighted in yellow. This DVD should be treated as confidential.

Respectfully submitted this 15<sup>th</sup> day of May, 2017.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Review of Gulf Power Company's  
2017 Ten-Year Site Plan

Docket No.: Undocketed  
Date: May 16, 2017

REQUEST FOR CONFIDENTIAL CLASSIFICATION

EXHIBIT "A"

Provided to the Commission Clerk  
under separate cover as confidential information.

**REDACTED**

EXHIBIT "B"

**Nominal, Delivered Distillate Oil and Natural Gas Prices  
Base Case**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1		Distillate Oil *			Natural Gas		
2				Escalation			Escalation
3	<u>Year</u>	<u>\$/BBL</u>	<u>c/MBTU</u>	<u>%</u>	<u>c/MBTU</u>	<u>\$/MCF</u>	<u>%</u>
4	<b>HISTORY:</b>						
5	2014	120.61	2077	-0.1%	534	5.21	20.3%
6	2015	75.291	1297	-37.6%	355	3.48	-33.2%
7	2016	59.061	1009	-22.2%	317	3.11	-10.6%
8	<b>FORECAST: **</b>						
9	2017						
10	2018						
11	2019						
12	2020						
13	2021						
14	2022						
15	2023						
16	2024						
17	2025						
18	2026						
19	<b>ASSUMPTIONS</b>						
20							
21							

**Nominal, Delivered Coal Prices  
Base Case**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Low Sulfur Coal ** ( < 1.0% )				Medium Sulfur Coal *** ( 1.0 - 2.0% )				High Sulfur Coal **** ( > 2.0% )				
			Escalation	% Spot			Escalation	% Spot			Escalation	% Spot	
3	Year	\$/Ton	¢ /MMBtu	%	Purchase	\$/Ton	¢ /MMBtu	%	Purchase	\$/Ton	¢ /MMBtu	%	Purchase
4	<b>HISTORY:</b>												
5	2014	87.51	399	-16.2%	23%	0	0	0	n/a	75.16	319	0.6%	n/a
6	2015	78.16	349	-12.7%	62%	66.85	291	100%	15%	75.43	320	0.2%	n/a
7	2016	56.91	292	-16.2%	69%	63.79	272	-6.4%	100%	79.16	334	4.5%	n/a
8	<b>FORECAST: *</b>												
9	2017	[REDACTED]			100%	[REDACTED]			n/a	[REDACTED]			100%
10	2018	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
11	2019	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
12	2020	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
13	2021	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
14	2022	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
15	2023	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
16	2024	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
17	2025	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
18	2026	[REDACTED]			n/a	[REDACTED]			n/a	[REDACTED]			n/a
19	<b>ASSUMPTIONS:</b>												
20	[REDACTED]												
21	[REDACTED]												
22	[REDACTED]												
23	[REDACTED]												

42. For each of the planned generating units contained in the Company's Ten-Year Site Plan, please identify the next best alternative that was rejected for each unit. Provide information similar to Schedule 9 regarding each of the next best alternative unit(s). As part of this response, please also provide the additional revenue requirement that would have been associated with the next best alternative compared to the planned unit.

RESPONSE:

Gulf's current estimate of the cumulative present value revenue requirements for the best alternative generating unit addition, a combined cycle facility, is \$933 million.

	PLANT TYPE:	2-on-1 Combined Cycle, Gas-Only
	NET CAPACITY (MW)	788
	BOOK LIFE (Years):	40
	IN-SERVICE YEAR:	2023
1	TOTAL INSTALLED COST ('23 \$/kW):	
2	DIRECT CONSTRUCTION COST ('17 \$/kW):	
3	AFUDC AMOUNT (\$/kW):	
4	ESCALATION (\$/kW):	
5	FIXED O&M ('23 \$/kW - Yr):	
6	VARIABLE O&M ('23 \$/MWh):	
7	K FACTOR:	

63. Please provide, on a system-wide basis, the actual annual fuel usage (in GWh) and average fuel price (in nominal \$/MMBTU) for each fuel type utilized by the Company in the period 2007 through 2016. Also, provide the forecasted annual fuel usage (in GWh) and forecasted annual average fuel price (in nominal \$/MMBTU) for each fuel type forecasted to be used by the Company in the period 2017 through 2026. As part of this response, please complete the table below.

RESPONSE:

A

B

C

Average Fuel Price Comparison

Year	Uranium		Coal		Natural Gas		Residual Oil		Distillate Oil		
	GWh	\$/MMBTU	GWh	\$/MMBTU	GWh	\$/MMBTU	GWh	\$/MMBTU	GWh	\$/MMBTU	
Actual	2007	n/a	n/a	14,281	2.62	2,374	8.70	n/a	n/a	1	14.50
	2008	n/a	n/a	12,334	3.30	2,428	10.77	n/a	n/a	1	19.91
	2009	n/a	n/a	8,871	3.77	4,024	4.85	n/a	n/a	0	13.73
	2010	n/a	n/a	10,531	4.64	4,805	6.10	n/a	n/a	0	16.04
	2011	n/a	n/a	8,090	4.46	7,195	4.93	n/a	n/a	1	22.37
	2012	n/a	n/a	5,391	4.18	10,517	3.68	n/a	n/a	1	22.16
	2013	n/a	n/a	5,602	3.60	8,834	4.67	n/a	n/a	1	22.27
	2014	n/a	n/a	7,394	3.69	8,207	5.02	n/a	n/a	1	21.16
	2015	n/a	n/a	4,876	3.47	7,787	3.60	n/a	n/a	1	16.01
	2016	n/a	n/a	4,697	3.21	8,724	3.38	n/a	n/a	1	12.31
Projected	2017	n/a	n/a	4,517		8,547		n/a	n/a	0	0
	2018	n/a	n/a	2,481		8,986		n/a	n/a	0	0
	2019	n/a	n/a	4,093		9,473		n/a	n/a	0	0
	2020	n/a	n/a	4,651		8,352		n/a	n/a	0	0
	2021	n/a	n/a	5,574		7,634		n/a	n/a	0	0
	2022	n/a	n/a	5,116		7,660		n/a	n/a	0	0
	2023	n/a	n/a	6,315		7,680		n/a	n/a	1	
	2024	n/a	n/a	6,661		3,648		n/a	n/a	1	
	2025	n/a	n/a	7,279		4,047		n/a	n/a	1	
	2026	n/a	n/a	7,085		3,943		n/a	n/a	1	

EXHIBIT "C"

**Line-by-Line/Field-by-Field Justification**

**Line(s)/Field(s)**

**Justification**

**Response to Question # 2**

File name: "2017 TYSP Data Request #1 – Appendix A\_CONF"

Worksheet: "gas\_base"

Columns 2-4 and 5-7, Lines 9-18

Lines, 20-21

This information is entitled to confidential classification pursuant to §366.093(3)(e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 2.

Worksheet: "coal\_base"

Columns 2-4, 6-8, and 10-12, Lines 9-18

Lines 20-23

**Response to Question # 42**

Lines 1-7, as marked

This information is entitled to confidential classification pursuant to §366.093(3)(e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 3.

**Response to Question #63**

Columns A, B and C, as marked

This information is entitled to confidential classification pursuant to §366.093(3)(e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 2.