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IN REPLY REFER TO:

Ansley Watson, Jr.
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May 5, 2015

VIA FEDEX

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

REDACTED

Re: Docket No. 150094-GU -- Petition for approval of amendment to special contract with Peninsula Pipeline Company, by Peoples Gas System

REQUEST FOR CONFIDENTIAL TREATMENT

Dear Ms. Stauffer:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find the original and seven (7) copies of Peoples' Request for Confidential Treatment with respect to portions of Peoples' responses to the Commission Staff's Second Data Request in the above docket. Enclosed with this filing are one highlighted and two redacted copies of each document for which confidential treatment is sought.

Please acknowledge your receipt of the enclosures on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

- COM _____
- AFD _____
- APA _____
- ECO 4 _____
- ENG _____
- GCL 3 _____
- IDM _____
- TEL _____
- CLK _____

COMMISSION
CLERK

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AWjr/a
Enclosures

cc: Martha F. Barrera, Esquire
Ms. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of amendment to)
special contract with Peninsula Pipeline Company,)
by Peoples Gas System.)
_____)

Docket No. 150094-GU

Submitted for Filing:
5-6-15

**PEOPLES GAS SYSTEM'S REQUEST
FOR CONFIDENTIAL TREATMENT**

Pursuant to Section 366.093, *Florida Statutes*, Peoples Gas System ("Peoples" or the "Company") submits the following Request for Confidential Treatment of portions of the Company's responses to Staff's Second Data Request to the Company in the above docket, which responses are submitted for filing in the above docket concurrently herewith:

1. Attached hereto as Exhibit A is a detailed justification for the requested confidential treatment of the highlighted portions of the Company's responses to the Staff's Second Data Request Nos. 1 and 3.

2. The material for which confidential classification is sought is intended to be and is treated as private by Peoples, and has not been disclosed.

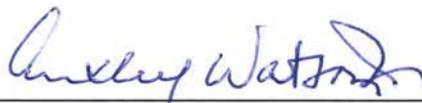
3. Peoples requests that the information for which it seeks confidential classification not be declassified until two months after the expiration of the term of the special contract,¹ Commission approval of the First Amendment to such contract being sought in this docket. Such information consists of the costs for construction of additional facilities required to provide interstate pipeline transportation capacity and gas transportation service to Peninsula Pipeline Company ("Peninsula") and other customers, information from which such costs could be arithmetically determined, information from which the rates at which service will be provided to Peninsula could be arithmetically determined, hourly rates at which Peoples performs certain operation and maintenance tasks, and other information Peoples considers proprietary and

¹ The special contract expires December 1, 2027. Peoples seeks confidential classification of the highlighted material until February 1, 2028.

confidential, and does not disclose. The detailed justification for non-disclosure of the highlighted portions of Peoples' responses to portions of its responses to Staff's Second Data Request Nos. 1 and 3 (see Exhibit A attached hereto) also establishes good cause for the Commission's finding that the protection from disclosure should extend for a period longer than 18 months (see Section 366.093(4), *Florida Statutes*). The time period requested is necessary to protect the competitive information referenced above from disclosure to Peoples' competitors and to other customers in order to allow Peoples, should it become necessary, to negotiate future gas service arrangements with other customers on favorable terms based on the specific factual circumstances of such customers. The costs of construction, if disclosed, could also hamper Peoples' efforts to contract for goods and services on favorable terms. The period of time requested will ultimately protect Peoples and its customers by any such future arrangements being entered into based only on the facts and circumstances then applicable to the particular customer, contractor or vendor.

WHEREFORE, Peoples submits the foregoing as its request for confidential treatment of the information identified in Exhibit A.

Respectfully submitted,



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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Treatment, filed on behalf of Peoples Gas System, has been furnished electronically to Martha F. Barrera, Esquire, Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and Cheryl M. Martin, Peninsula Pipeline Company, 911 South 8th Street, Fernandina Beach, Florida 32034-3706, this 5th day of May, 2015.



Ansley Watson, Jr.

PEOPLES' RESPONSES TO STAFF'S SECOND DATA REQUEST

JUSTIFICATION FOR CONFIDENTIAL TREATMENT OF HIGHLIGHTED INFORMATION

Peoples seeks specified confidential treatment, and non-disclosure pursuant to Chapter 119, *Florida Statutes*, of the information highlighted on the Company's responses to Staff's Second Data Request Nos. 1 and 3.

Staff's Second Data Request No. 1 – The highlighted information is the approximate estimated cost of construction for additional facilities required to provide incremental interstate pipeline capacity and gas transportation service to Peninsula and other customers under the special contract with Peninsula previously approved by the Commission, as the same will be amended by the First Amendment thereto, which cost was used in designing the rates to be charged to Peninsula during the term of the special contract as the same is to be amended. It is information directly relating to Peoples' competitive interests which, if made public, "would impair the competitive business" of Peoples in the event it should become necessary to negotiate similar arrangements with this customer, or other customers or potential customers in the future. Section 366.093(3)(e), *Florida Statutes*. Disclosure of the specific costs used to determine the rate(s) required to recover the costs of an expansion of facilities through which Peoples will provide gas service to Peninsula would give other customers or potential customers a benchmark or target to use in negotiations with Peoples, notwithstanding that their particular circumstances may not be the same as, or even similar to, those of Peninsula. In addition, disclosure of these costs would give contractors or vendors from which Peoples would solicit bids for pipeline components or construction (for this expansion or future expansions) a benchmark or target to use in negotiations with Peoples for construction of the involved facilities. Disclosure of this information would impair the efforts of Peoples to contract for goods or services on favorable terms. Section 366.093(3)(d), *Florida Statutes*.

Staff's Second Data Request No. 3 – The highlighted information is an explanation of the derivation of Peoples' estimated incremental operation and maintenance expense associated with providing additional interstate pipeline capacity and gas transportation service to Peninsula, from which Peoples' incremental cost of service to provide such capacity and transportation service to Peninsula and the cost of construction for the additional facilities required to provide such service could be determined, and which information was used in designing the rates to be charged to Peninsula during the term of the special contract previously approved by the Commission as it is to be amended by the First Amendment thereto. It is information directly relating to Peoples' competitive interests which, if made public, "would impair the competitive business" of Peoples in the event it should become necessary to negotiate similar arrangements with this customer, or other customers or potential customers in the future. Section 366.093(3)(e), *Florida Statutes*. Disclosure of the specific costs used to determine the rate(s) required to recover the costs of an expansion of facilities through which Peoples will provide gas service would give other customers or potential customers a benchmark or target to use in negotiations with Peoples, notwithstanding that their particular circumstances may not be the same as, or even similar to, those of Peninsula. In addition, disclosure of these costs would give contractors or vendors from which Peoples would solicit bids for pipeline components or construction (for this project or other future projects) a benchmark or target to use in negotiations with Peoples for construction of the involved

facilities. Disclosure of this information would impair the efforts of Peoples to contract for goods or services on favorable terms. Section 366.093(3)(d), *Florida Statutes*.

PEOPLES GAS SYSTEM
DOCKET NO: 150094-GP
STAFF'S 2ND DATA REQUEST
REQUEST NO. 1
PAGE: 1 OF 1
FILED: MAY 6, 2015

1. Please refer to PGS' confidential responses to Questions 2 and 7 of Staff's First Data Request. Please explain the relationship between the cost estimate provided in response to Question 2 and the amount shown on Line 1 of Page 1 in response to Question 7. Also, please illustrate how the amount shown on Line 1 of Page 1 in response to Question 7 was derived.
 - A. The cost estimate listed in response to question 2 on Line 1 of Page 1 in PGS' response to Question 7 is equal to Peninsula's pro-rata cost of the total Jacksonville expansion cost less those costs that can be directly assigned to other customers participating in the expansion [REDACTED].

Capital costs were allocated to Peninsula based on Peninsula's hourly capacity requirement compared to the overall project's incremental hourly.

The incremental hourly capacity associated with the expansion is approximately [REDACTED] per hour. Peninsula's incremental hourly requirement is [REDACTED] per hour. Peninsula's pro-rata share of the incremental hourly capacity is approximately [REDACTED]; i.e., [REDACTED] divided by [REDACTED]. [REDACTED] of the total cost of the common expansion facilities [REDACTED] equals [REDACTED]. Note: [REDACTED] of the *total* cost of the expansion is directly assigned to another customer participating in the expansion.

**PEOPLES GAS SYSTEM
DOCKET NO: 150094-GP
STAFF'S 2ND DATA REQUEST
REQUEST NO. 2
PAGE: 1 OF 1
FILED: MAY 6, 2015**

2. Please refer to Page 2 of PGS' confidential response to Question 7. Please clarify why the estimates of other-than-income taxes should not be included in the estimated Total Cost of Service.
 - A. PGS does not anticipate any incremental taxes (other than income) associated with this project. Ad Valorem taxes were included in the original project costs.

PEOPLES GAS SYSTEM
DOCKET NO: 150094-GP
STAFF'S 2ND DATA REQUEST
REQUEST NO. 3
PAGE: 1 OF 1
FILED: MAY 6, 2015

3. Please refer to Page 3 of PGS' confidential response to Question 7. Please clarify how the extended numbers shown in the "Amount" column were derived. An attempt to reproduce these numbers manually yielded differences that are somewhat greater than one might attribute to normal rounding.

- A.
- Line 1 - [REDACTED] x [REDACTED] x [REDACTED]
 - Line 2 - [REDACTED] divided by [REDACTED] x [REDACTED]
 - Line 3 - [REDACTED] x [REDACTED] x [REDACTED]
 - replacement board - [REDACTED] x [REDACTED]
 - replacement modem - [REDACTED] x [REDACTED]
 - batteries - [REDACTED] divided by [REDACTED] x [REDACTED]
 - miscellaneous materials - [REDACTED] x [REDACTED]
 - Line 4 - [REDACTED] x [REDACTED] x [REDACTED]
 - miscellaneous materials - [REDACTED] x [REDACTED]
 - Line 5 - [REDACTED] x [REDACTED] x [REDACTED]
 - Line 6 - miscellaneous expense - [REDACTED] x [REDACTED]
 - Line 7 - sum of lines 1 through 6