

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

ONE TAMPA CITY CENTER, SUITE 2000
201 NORTH FRANKLIN STREET
P.O. BOX 1531 (ZIP 33601)
TAMPA, FLORIDA 33602
(813) 273-4200 FAX (813) 273-4396

www.mfmlegal.com
EMAIL: info@mfmlegal.com

625 COURT STREET
P.O. BOX 1669 (ZIP 33757)
CLEARWATER, FLORIDA 33756
(727) 441-8966 FAX (727) 442-8470

IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
Tampa, Florida 33601
e-mail: aw@macfar.com

March 29, 2016

VIA FEDEX

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

REDACTED

RECEIVED-FPSC
2016 MAR 30 AM 9:41
COMMISSION
CLERK

Re: Docket No. 150259-GU -- Initiation of show cause proceedings against Peoples Gas System for apparent violations of Sections 368.01 - 05, F.S., and Chapter 25-12, F.A.C.

REQUEST FOR CONFIDENTIAL TREATMENT AND MOTION FOR TEMPORARY PROTECTIVE ORDER

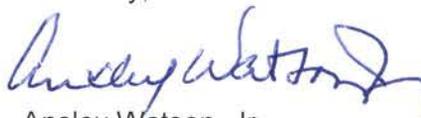
Dear Ms. Stauffer:

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 Classification and Motion for Temporary Protective Order with respect to documents or portions thereof to be provided in response to Staff's First Data Request to Peoples in the above docket. Enclosed with this filing are one highlighted and two redacted copies of the subject documents.

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.

AWjr/a
Enclosures

COM _____
AFD |
APA |
ECO |
ENG |
GCL | 2+ Redacted
IDM |
TEL _____
CLK _____

Carlotta S. Stauffer, Director
March 29, 2016
Page 2

cc: J. R. Kelly, Esquire
Charles Rehwinkel, Esquire
Danielle M. Roth, Esquire
Kelley F. Corbari, Esquire
Bianca Lherisson, Esquire
Charles Murphy, Esquire
Kathryn Cowdery, Esquire
Samantha Cibula, Esquire
Ms. Kandi M. Floyd
(all above via e-mail attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Initiation of show cause proceedings against)
Peoples Gas System for apparent violations of Sections)
368.01 - 05, F.S., and Chapter 25-12, F.A.C.)
_____)

Docket No. 150259-GU

Filed: March 30, 2016

**PEOPLES GAS SYSTEM'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION
AND MOTION FOR TEMPORARY PROTECTIVE ORDER**

Pursuant to Section 366.093, *Florida Statutes*, and Rule 25-22.006, *Florida Administrative Code*, Peoples Gas System ("Peoples" or the "Company"), submits the following Request for Confidential Classification of portions of documents provided by the Company to the Commission Staff pursuant to Staff's First Data Request served March 18, 2016 in the above docket, and requests the issuance of a temporary protective order with respect to such documents:

1. Attached hereto as Exhibit A is a detailed justification for the requested confidential treatment of the documents (or portions thereof) provided to Staff pursuant to Requests Nos. 3.a. and 3.b. of Staff's First Data Request to the Company.

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 at least 18 months after the date of the Commission's order finding the information to be proprietary confidential business information. Such information, if publicly disclosed, could be detrimental to the Company and its customers.

4. For the same reasons set forth herein in support of its request for confidential classification, Peoples also moves the Commission for entry of a temporary protective order pursuant to Rule 25-22.006(6)(c), *Florida Administrative Code*, protecting the confidential information from public disclosure.

5. Two redacted versions of each document for which confidential classification is requested accompany this request and motion.

WHEREFORE, Peoples Gas System respectfully requests that the confidential information that is the subject of this request and motion be accorded confidential classification for the reasons set forth herein and for a minimum period of 18 months. The Company further moves for the entry of a temporary protective order pursuant to Rule 25-22.006(6)(c), *Florida Administrative Code*, protecting the confidential information from public disclosure.

DATED this 29th day of March, 2016.

Respectfully submitted,



ANSLEY WATSON, JR.

Phone: (813) 273-4321

E-mail: aw@macfar.com

ANDREW M. BROWN

Phone: (813) 273-4209

E-mail: ab@macfar.com

Macfarlane Ferguson & McMullen

P. O. Box 1531

Tampa, Florida 33601-1531

Fax: (813) 273-4396

Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Request for Confidential Classification and Motion for Temporary Protective Order has been furnished by electronic mail this 29th day of March, 2016, to J.R. Kelly, Esquire, Charles Rehwinkel, Esquire, and Danielle M. Roth, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison St., Room 812, Tallahassee, Florida 32399-1400, and to Bianca Lherisson, Esquire, Charles Murphy, Esquire, Kathryn Cowdery, Esquire, Samantha Cibula, Esquire, and Kelley F. Corbari, Esquire, Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.



Ansley Watson, Jr.

DOCUMENTS RESPONSIVE TO STAFF'S FIRST DATA REQUEST

**JUSTIFICATION FOR CONFIDENTIAL
TREATMENT OF HIGHLIGHTED INFORMATION**

Peoples seeks specified confidential classification and non-disclosure pursuant to Chapter 119, *Florida Statutes*, of (and issuance of a temporary protective order with respect to) the information highlighted on the following documents provided to Staff pursuant to Staff's First Data Request.

Document Responsive to Request 3

Request 3 seeks, among other things, a copy of the Joint KPMG - TECO Energy Audit Services final report. This report is highlighted in its entirety as the information therein is deemed by Peoples to be proprietary confidential business information. Such information is entitled to protection from public disclosure by Section 366.093(3)(b), *Florida Statutes*, which identifies, among other things, "reports of internal auditors" as proprietary confidential business information. Reports such as the one provided to Staff have routinely been protected from public disclosure by the Commission.

Documents Responsive to Request 3.a.

The documents consist of engagement letters setting forth the terms and conditions of an audit to be performed with TECO Audit Services for Peoples. The highlighted information in the documents consists of the rates which KPMG charged Peoples for the performance of the audit (or information from which such rates could be determined) and variations to KPMG's Standard Terms and Conditions. All of this information was negotiated by Peoples with KPMG. Disclosure of such information would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms. Information such as this has routinely been determined to be proprietary confidential business information. Section 366.093(3)(d), *Florida Statutes*.

Documents Responsive to Request 3.b.

The documents consist of KPMG invoices for the conduct of the audit resulting in the final report provided to Staff pursuant to Request 3. The highlighted information consists of the rates which KPMG charged Peoples for the performance of the audit (or information from which such rates could be determined), such rates having been established by negotiations between Peoples and KPMG. Disclosure of such information would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms. Information such as this has routinely been determined to be proprietary confidential business information. Section 366.093(3)(d), *Florida Statutes*.

**PEOPLES GAS SYSTEM
DOCKET NO. 150259-GU
STAFF'S 1ST DATA REQUEST
REQUEST NO. 3**

DOCUMENT RESPONSIVE TO REQUEST NO. 3

Pipeline Compliance Fraud Investigation
March 3, 2016



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Pipeline Compliance Fraud Investigation
March 3, 2016



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

Pipeline Compliance Fraud Investigation
March 3, 2016



[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Pipeline Compliance Fraud Investigation
March 3, 2016



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**PEOPLES GAS SYSTEM
DOCKET NO. 150259-GU
STAFF'S 1ST DATA REQUEST
REQUEST NO. 3**

DOCUMENTS RESPONSIVE TO REQUEST NO. 3.a.



KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Telephone +1 404 222 3000
Fax +1 404 222 3050
Internet www.us.kpmg.com

November 2, 2015

Mr. Bill Whale
Senior Vice President Electric & Gas Delivery
Tampa Electric Company d/b/a Peoples Gas System
702 North Franklin Street
Tampa, Florida 33602

Dear Mr. Whale:

On behalf of KPMG LLP ("KPMG"), we appreciate the opportunity to provide Tampa Electric Company d/b/a Peoples Gas System (the "Company" or "PGS") with professional services to assist management with continued assessment of processes and documentation related to PGS gas distribution asset inspections. This letter, which serves as an addendum to our original engagement letter dated September 25, 2015, sets forth the terms of the changes to our engagement and references the same standard terms and conditions referenced in the original engagement letter.

Scope

The original scope of this engagement is outlined in the Attachment A to this addendum letter. The changes to engagement scope have been defined as follows:

Phase 2: In-Depth Assessment (5 Divisions):

- Perform data analytics procedures related to each division to identify potentially anomalous records for further inspection.
- Perform data analytics procedures related to records associated with each division's personnel to identify persons to interview.
- Perform interviews with key personnel to understand and document tone, processes, procedures, and irregularities at each division.
- Perform document analysis at each division.

Deliverables

The original primary process outputs/deliverables for this engagement are outlined in Attachment A to this addendum letter. The changes to the engagement deliverables have been defined as follows:



Mr. Bill Whale
Tampa Electric Company d/b/a Peoples Gas System
November 2, 2015
Page 2 of 4

- KPMG will work with the Company to produce site-visit reports documenting our observations, findings, and recommendations at each division. These reports will be in a format mutually agreed upon with the Company.
- KPMG will work with the Company to produce a final report documenting our observations, findings, and recommendations across all divisions. This report will be in a format mutually agreed upon with the Company.

Timing and Professional Fees

KPMG is prepared to begin work upon receipt of a signed copy of this Engagement Letter, with the start date anticipated on or about November 3, 2015, or at a time mutually determined by the Company and KPMG.

[REDACTED]

[REDACTED]	[REDACTED]

[REDACTED]

In addition to professional fees, KPMG will be reimbursed for out-of-pocket expenses reasonably incurred by KPMG in connection with the performance of the services herein.

Because of the unpredictable nature of an investigation and unseen requirements that arise in practically all investigations, KPMG generally does not attempt to quantify the total expected fees in the matter prior to commencing work. The time incurred by KPMG will depend on the extent and nature of available information, the outcome of certain procedural and legal tasks, and on information that KPMG's procedures may reveal as work progresses. KPMG will work closely with the Company to make this engagement cost effective.

[REDACTED]



Mr. Bill Whale
Tampa Electric Company d/b/a Peoples Gas System
November 2, 2015
Page 3 of 4

[REDACTED]

KPMG's fees and expenses are not contingent upon the final results, nor does KPMG guarantee any result or resolution in the above-referenced matter.

KPMG will present invoices to the Company on a semi-monthly basis, and the Company's payments are due within 30 days of each invoice date. The name and address of the Company's designee to receive and approve KPMG's invoices is indicated on the signature page of this Engagement Letter. KPMG reserves the right to halt further services until payment is received on past-due invoices.

Timing

As a result of the foregoing modifications, the engagement duration is estimated to increase by 12-16 weeks. The terms of this addendum letter are offered as of the date of this letter and are available for (10) business days. After (10) business days, terms may be subject to change.

Terms and Conditions

This engagement is subject to the Terms and Conditions set forth in our original engagement letter dated September 25, 2015, included in Attachment A.

* * * * *

If the terms of this addendum letter as set forth above are acceptable to you, please indicate your acceptance and authorization for KPMG to proceed with the related work by signing both copies of this letter in the appropriate space and returning one of the originals to me.



Mr. Bill Whale
Tampa Electric Company d/b/a Peoples Gas System
November 2, 2015
Page 4 of 4

We look forward to continuing to work with PGS. If we can provide you with any additional information, please feel free to contact me at (404) 222-7375.

Very truly yours,

KPMG LLP

Earl G. Fagan, Jr.
Managing Director

Enclosures:

Attachment A – Copy of Original Signed Engagement Letter

ACCEPTED:

Tampa Electric Company d/b/a Peoples Gas System

Authorized Signature

SVP EEG DELIVERY

Title

11/03/2015

Date



KPMG LLP
Suite 2000
303 Peachtree Street, NE
Atlanta, GA 30308

Telephone 404 222 3000
Fax 404 222 3050
Internet www.us.kpmg.com

September 25, 2015

Mr. Bill Whale
Senior Vice President Electric & Gas Delivery
Tampa Electric Company d/b/a Peoples Gas System
702 North Franklin Street
Tampa, Florida 33602

Re: Assessment of gas distribution asset inspection processes and documentation

Dear Mr. Whale:

This letter and the attached KPMG LLP Standard Terms and Conditions for Advisory and Tax Services ("Standard Terms and Conditions") (collectively, the "Engagement Letter") confirm our understanding and agreement between Tampa Electric Company d/b/a Peoples Gas System, (the "Client") and KPMG LLP ("KPMG"), whereby the Client has engaged KPMG to provide advisory services in connection with its investigation of the above-referenced matter.

Understanding of our Role

KPMG's work, to be performed under the Client's direction, is to assist the Client with respect to assessing processes and documentation related to the Client's gas distribution asset inspections. Based on preliminary discussions with the Client, KPMG's procedures may include, but are not necessarily limited to, those outlined as follows:

Phase 1: Initial Assessment

- Assess available documentation related to gas distribution asset inspections
- Interview key staff related to gas distribution asset inspection compliance processes
- Prioritize risks and geographic locations related to gas distribution asset inspection documentation
- Develop a plan to perform an in-depth assessment of the gas distribution asset inspection processes and documentation requirements



Mr. Whale
Tampa Electric Company d/b/a Peoples Gas System
September 25, 2015
Page 2 of 8

Phase 2: In-depth Assessment

- Steps to be determined upon completion of Phase 1 (initial assessment)

The Client will make available to KPMG, in a timely manner, the information necessary for KPMG to complete the services under this Engagement Letter. The Client acknowledges that their failure to do so could adversely affect KPMG's ability to provide the services under this Engagement Letter. KPMG will make all requests for information through the Client.

Deliverables

During the course of this engagement, KPMG understands that the Client may ask KPMG to prepare a report or other deliverable summarizing KPMG's procedures and the results of KPMG's findings. The Client will direct KPMG as to the format of any deliverables requested.

Conflicts of Interest

At the present time, the Client has informed KPMG there are no other parties involved in this matter that would require KPMG to perform an internal search for relationships. If identified during the course of this engagement, the Client agrees that it will inform KPMG of other parties to this matter. At such time, KPMG will perform a limited internal search for relationships on those parties.

If identified, KPMG will promptly advise the Client of the general nature of any services provided by KPMG, or other member firms of the KPMG network of independent firms and firms and entities controlled by, or under common control with, one or more such member firms (collectively, "Member Firms") to the parties (i.e., audit, tax and/or advisory).

If the Company fails to notify KPMG of its objection to any identified relationships within ten (10) business days (the "Conflicts Review Period"), the Company agrees that the identified relationships do not (i) constitute a limitation on the services requested, (ii) create a basis for disqualification of KPMG or its professionals, or (iii) constitute a conflict of interest for purposes of KPMG's engagement to perform the services under this Engagement Letter for the Company. The Company expressly waives its right to assert any such conflict against KPMG. The Company hereby acknowledges that (i) KPMG's agreement to provide services under this engagement letter is based upon and subject to the successful resolution of any and all conflicts of interest as described above, and (ii) KPMG will not perform any services under this engagement letter until any and all such conflicts of interest have been waived or otherwise resolved.

KPMG's process for conducting searches of potential conflicts takes place at the time the parties are identified and provided by the Client. However, if KPMG becomes aware of any potential conflicts after the start of the engagement, KPMG will promptly inform the Client. In addition, during the course of this engagement, the Client agrees that they will inform KPMG of additional



Mr. Whale
Tampa Electric Company d/b/a Peoples Gas System
September 25, 2015
Page 3 of 8

parties in this matter or name changes for those parties previously provided. At such time, KPMG will perform an additional limited internal search for relationships on those parties. If identified, KPMG will advise the Client of the general nature of any services provided to that subject (i.e., audit, tax and/or advisory).

KPMG reserves the right to resign from this engagement at any time if a conflict, as contemplated by the professional standards of the AICPA, law or regulation, arises or becomes known to KPMG that prohibits KPMG from conducting this engagement, or in KPMG's judgment, would impair KPMG's ability to perform objectively. If KPMG serves as independent auditors of a party, KPMG may require consent from the party, which will be determined on a case-by-case basis.

Engagement Staffing

Earl G. Fagan, Jr., Managing Director, has overall responsibility for the engagement. William L. Hanley, III, Director, will serve as the engagement manager. Timothy Carter, Director, will serve as the subject matter professional. Both will be actively involved in the day-to-day performance of the engagement. KPMG will use other professional staff with relevant skills and experience to assist as deemed necessary.

Timing and Professional Fees

KPMG is prepared to begin work upon receipt of a signed copy of this Engagement Letter, with the start date anticipated on or about September 28, 2015, or at a time mutually determined by the Client and KPMG.

[Redacted text block]

[Redacted text line]

[Redacted]	[Redacted]

KPMG's rates are subject to adjustment from time to time and at least annually. KPMG will advise the Client of any rate adjustment with no less than 60 days' notice.



Mr. Whale
Tampa Electric Company d/b/a Peoples Gas System
September 25, 2015
Page 4 of 8

In addition to professional fees, KPMG will be reimbursed for out-of-pocket expenses reasonably incurred by KPMG in connection with the performance of the services herein according to Client's expense reimbursement policy as set forth in Attachment B hereto.

Because of the unpredictable nature of an investigation and unseen requirements that arise in practically all investigations, KPMG generally does not attempt to quantify the total expected fees in the matter prior to commencing work. The time incurred by KPMG will depend on the extent and nature of available information, the outcome of certain procedural and legal tasks, and on information that KPMG's procedures may reveal as work progresses. KPMG will work closely with the Client to make this engagement cost effective.

[REDACTED]

KPMG's fees and expenses are not contingent upon the final results, nor does KPMG guarantee any result or resolution in the above-referenced matter.

KPMG will present invoices to the Client on a semi-monthly basis, and the Client's payments are due within 30 days of each invoice date. The name and address of the Client's designee to receive and approve KPMG's invoices is indicated on the signature page of this Engagement Letter. KPMG reserves the right to halt further services until payment is received on past-due invoices.

Other Matters

KPMG's services as described in this Engagement Letter constitute an Advisory engagement conducted under the American Institute of Certified Public Accountants ("AICPA") Standards for Consulting Services. Such services are not intended to be an audit, examination, attestation, special report or agreed-upon procedures engagement as those services are defined in AICPA literature applicable to such engagements conducted by independent auditors. Accordingly, these services will not result in the issuance of a written communication to third parties by KPMG directly reporting on financial data or internal control or expressing a conclusion or any other form of assurance.

The scope of work does not require that KPMG make any legal interpretations or render any legal advice, and the parties hereby agree that in connection with KPMG's performance of the services under this engagement shall not include or be construed to include the provision by KPMG of legal advice or legal services. KPMG is prohibited from giving legal advice or performing legal services of any kind or nature, and all legal interpretations and rendering of legal advice shall be the Client's responsibility. KPMG will refer any such questions to the Client.



Mr. Whale
Tampa Electric Company d/b/a Peoples Gas System
September 25, 2015
Page 6 of 8

● [REDACTED]
[REDACTED]
[REDACTED]

● [REDACTED]
[REDACTED]
[REDACTED]

● [REDACTED]
[REDACTED]

● [REDACTED]
[REDACTED]

● [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

The Client acknowledges agreement with this Engagement Letter by signing a copy of this Engagement Letter and returning it to KPMG.



Mr. Whale
Tampa Electric Company d/b/a Peoples Gas System
September 25, 2015
Page 7 of 8

KPMG appreciates the opportunity to work with the Client in this matter.

Very truly yours,

KPMG LLP

Earl G. Fagan, Jr.
Managing Director

Enclosures:

Attachment A – KPMG LLP Standard Terms and Conditions for Advisory and Tax Services
Attachment B – Expense Reimbursement Policy

ACCEPTED:

Tampa Electric Company d/b/a Peoples Gas System

Authorized Signature

SVP E&G DELIVERY
Title

09/25/2015
Date



Mr. Whale
Tampa Electric Company d/b/a Peoples Gas System
September 25, 2015
Page 8 of 8

Name and address of person designated to receive and approve invoices related to this matter:

Name: Jeanie Chmelir

Address: 702 N Franklin St.

Tampa, FL 33602

Phone: 813-228-4029

Fax: _____

E-Mail: jchmelir@tecoenergy.com

KPMG LLP
Standard Terms and Conditions for Advisory and Tax Services

1. Services; Client Responsibilities.

- (a) References herein to Client shall refer to the addressee of the Proposal or Engagement Letter to which these Standard Terms and Conditions are attached or incorporated (the "Engagement Letter") and references herein to KPMG shall refer to KPMG LLP, a Delaware registered limited liability partnership and the United States member firm of the KPMG network of independent firms (the "KPMG Network"). Client, its parent company and their affiliates, and their respective directors, officers, employees, and agents are collectively referred to herein as the "Client Parties." KPMG, the other member firms of the KPMG Network and firms and entities controlled by, or under common control with, one or more such member firms (collectively, the "Member Firms"), and their affiliates, and their respective partners, principals, employees, and agents are collectively referred to herein as the "KPMG Parties."
- (b) It is understood and agreed that KPMG's services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. KPMG will not perform management functions or make management decisions for Client.
- (c) If KPMG audits the financial statements of Client or provides any other attestation services to Client, the rules of the American Institute of Certified Public Accountants ("AICPA") require Client to agree to the following provisions of this Paragraph 1(c). In connection with KPMG's provision of services under the Engagement Letter, Client agrees that Client, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee such services, and to evaluate the adequacy and results of such services; (iii) accept responsibility for the results of such services; and (iv) establish and maintain internal controls over the processes with which such services are concerned, including monitoring on-going activities.
- (d) Subsequent to the completion of this engagement, KPMG will not update its advice, recommendations or work product for changes or modifications to the law and regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions, unless Client separately engages KPMG to do so in writing after such changes or modifications, interpretations, events or transactions.

2. Tax on Services. All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added or other applicable taxes, tariffs or duties, payment of which shall be Client's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.

3. Termination. Either party may terminate the Engagement Letter at any time by giving written notice to the other party not less than 30 calendar days before the effective date of termination.

4. Ownership and Use of Deliverables.

- (a) KPMG has created, acquired, owns or otherwise has rights in, and may, in connection with the performance of services under the Engagement Letter, use, provide, modify, create, acquire or otherwise obtain rights in, (i) concepts, ideas, methods, methodologies, procedures, processes, know-how, techniques, models, templates and software and (ii) the general elements of style, design, art work and graphics and content of general applicability included in KPMG's Deliverables (as defined below) or work product not specific to Client or the services under the engagement letter (collectively, the "KPMG Property"). KPMG retains all ownership and use rights in the KPMG Property. Client shall acquire no rights or interest in the KPMG Property, except as expressly provided in the next paragraph. KPMG acknowledges that KPMG Property shall not include any of Client's confidential information or tangible or intangible property, and KPMG shall have no ownership rights in such property.
- (b) Except for KPMG Property, and upon full and final payment to KPMG under the Engagement Letter, the tangible items specified as deliverables or work product in the Engagement Letter including any intellectual property rights appurtenant thereto (the "Deliverables") will become the property of Client. If any KPMG Property is contained in any of the Deliverables, KPMG hereby grants Client a royalty-free, paid-up, non-exclusive, perpetual license to use such KPMG Property in connection with Client's use of the Deliverables. Client acknowledges and agrees that KPMG shall have the right to retain for its files copies of each of the Deliverables, subject to the provisions of Paragraph 11 below.
- (c) Client acknowledges and agrees that any advice, recommendations, information, Deliverables or other work product provided to Client by KPMG in connection with the services under the Engagement Letter is intended for Client's sole benefit and KPMG does not authorize any other party to rely upon such advice, recommendations, information, Deliverables or other work product and any such reliance shall be at such party's sole risk. Client agrees that if it makes such advice, recommendations, information or work product available to any third party other than as expressly permitted by the Engagement Letter the provisions of Paragraph 8(b) shall apply unless Client provides the written notice to the third party in substantially the form of Appendix A hereto (the "Notice"), which Notice shall be acknowledged in writing by such third party and returned to Client. Upon request, Client shall provide KPMG with a copy of the foregoing Notice and acknowledgement and any notice and acknowledgement sent to Client by such third party as contemplated by the Notice. Client may only make a Deliverable bearing the "KPMG" name or logo available to a third party in its entirety. Notwithstanding the foregoing, (i) in the event of a disclosure made by Client that is required by law, that is made to a regulatory authority having jurisdiction over Client or that is made pursuant to Paragraph 18(a) below, no acknowledgement of the Notice shall be required and (ii) no Notice or acknowledgement shall be required with respect to disclosures expressly authorized by the Engagement Letter.

5. Warranties. KPMG's services under the Engagement Letter are subject to and will be performed in accordance with AICPA and other professional standards applicable to the services provided by KPMG under the Engagement Letter and in accordance with the

KPMG LLP
Standard Terms and Conditions for Advisory and Tax Services

- terms thereof. KPMG disclaims all other warranties, either express or implied.
6. **Limitation on Damages.** Except for the respective indemnification obligations of Client and KPMG set forth herein, the liability of the Client Parties and the KPMG Parties to one another, on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Engagement Letter shall be limited to the amount of fees paid or owing to KPMG under the Engagement Letter. In no event shall any of the Client Parties or any of the KPMG Parties be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). For avoidance of doubt, any damages awarded against any of the Client Parties or the KPMG Parties based on a third party claim subject to indemnification hereunder shall not be subject to the disclaimer in the previous sentence. The provisions of this Paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.
7. **Infringement.**
- (a) KPMG hereby agrees to indemnify, hold harmless and defend the Client Parties from and against any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), fines, penalties, taxes or damages (collectively "Liabilities") asserted by a third party against any of the Client Parties to the extent such Liabilities result from the infringement by the Deliverables (including any KPMG Property contained therein) of such third party's patents issued as of the date of the Engagement Letter, trade secrets, trademarks or copyrights. The preceding indemnification shall not apply to any infringement to the extent arising out of (i) use of the Deliverables other than in accordance with applicable documentation or instructions supplied by KPMG or other than for Client's internal business purposes; (ii) any alteration, modification or revision of the Deliverables not expressly agreed to in writing by KPMG; or (iii) the combination of the Deliverables with materials not supplied or approved by KPMG.
- (b) In case any of the Deliverables (including any KPMG Property contained therein) or any portion thereof is held, or in KPMG's reasonable opinion is likely to be held, to constitute infringement, KPMG may, within a reasonable time, at its option either: (i) secure for Client the right to continue the use of such infringing item; or (ii) replace, at KPMG's sole expense, such item with a substantially equivalent non-infringing item or modify such item so that it becomes non-infringing. In the event KPMG is, in its reasonable discretion, unable to perform either of the options described in clauses (i) or (ii) above, Client shall return the allegedly infringing item to KPMG, and KPMG's sole liability shall be to refund to Client the amount paid to KPMG for such item; provided that the foregoing shall not be construed to limit KPMG's indemnification obligation set forth in Paragraph 7(a) above.
- (c) The provisions of this Paragraph 7 state KPMG's entire liability and Client's sole and exclusive remedy with respect to any infringement or claim of infringement.
8. **Indemnification.**
- (a) KPMG agrees to indemnify, hold harmless and defend the Client Parties from and against any and all Liabilities for physical injury to, or illness or death of, any person regardless of status, and damage to or destruction of any tangible property, which any of the Client Parties may sustain or incur, to the extent such Liabilities result from the negligence or willful misconduct of the KPMG Parties. Client agrees to indemnify, hold harmless and defend the KPMG Parties from and against any and all Liabilities for physical injury to, or illness or death of, any person regardless of status, and damage to or destruction of any tangible property, which any of the KPMG Parties may sustain or incur, to the extent such Liabilities result from the negligence or willful misconduct of the Client Parties.
- (b) In accordance with Paragraph 4(c), Client agrees to indemnify, defend and hold harmless the KPMG Parties from and against any and all Liabilities incurred or suffered by or asserted against any of the KPMG Parties in connection with a third party claim to the extent resulting from such party's reliance upon KPMG's advice, recommendations, information, Deliverables or other work product as a result of Client's disclosure of such advice, recommendations, information or work product without adhering to the notice requirements of Paragraph 4(c) above. The foregoing indemnification obligation shall apply regardless of whether the third party claim alleges a breach of contract, violation of statute or tort (including without limitation negligence) by KPMG.
- (c) The party entitled to indemnification (the "Indemnified Party") shall promptly notify the party obligated to provide such indemnification (the "Indemnifying Party") of any claim for which the Indemnified Party seeks indemnification. The Indemnifying Party shall have the right to conduct the defense or settlement of any such claim at the Indemnifying Party's sole expense, and the Indemnified Party shall cooperate with the Indemnifying Party. The party not conducting the defense shall nonetheless have the right to participate in such defense at its own expense. The Indemnified Party shall have the right to approve the settlement of any claim that imposes any liability or obligation other than the payment of money damages for which the Indemnifying Party has accepted responsibility.
9. **Cooperation; Use of Information.**
- (a) Client agrees to cooperate with KPMG in the performance of the services under the Engagement Letter and shall provide or arrange to provide KPMG with timely access to and use of the personnel, facilities, equipment, data and information necessary for KPMG to perform the services under the Engagement Letter. The Engagement Letter may set forth additional details regarding KPMG's access to and use of personnel, facilities, equipment, data and information.
- (b) The Engagement Letter may set forth additional obligations of Client in connection with the services under the Engagement Letter necessary for KPMG to perform its obligations under the Engagement Letter. Client acknowledges that its failure to satisfy these obligations could adversely affect KPMG's ability to provide the services under the Engagement Letter.
- (c) Client acknowledges and agrees that KPMG will, in performing the services under the Engagement Letter, base its conclusions on the

KPMG LLP
Standard Terms and Conditions for Advisory and Tax Services

facts and assumptions that Client furnishes and that KPMG may use data, material, and other information furnished by or at the request or direction of Client without any independent investigation or verification and that KPMG shall be entitled to rely upon the accuracy and completeness of such data, material and other information. Inaccuracy or incompleteness of such data, material and other information furnished to KPMG could have a material adverse effect on KPMG's conclusions.

leadership projects, to improve the delivery of services to clients and to allow clients to evaluate various business transactions and opportunities. The KPMG Parties will only use this information without attribution to Client and under circumstances where Client will not be identified as the source of the information.

10. **Independent Contractor.** It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is or shall be considered an agent, distributor or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

(d) KPMG may also use Client information and information relating to the services rendered under the Engagement Letter for the purpose of permitting the KPMG Parties to access and share knowledge and information solely among the KPMG Parties. The KPMG Parties receiving this information will be obligated to comply with confidentiality obligations with respect to such information in accordance with this Paragraph 11.

11. **Confidentiality.**

(e) Each party shall exercise the same level of care to protect the other's information as it exercises to protect its own confidential information but in no event less than reasonable care, except to the extent that applicable law or professional standards impose a higher requirement.

(a) "Confidential Information" means all documents, software, reports, data, records, forms and other materials obtained by one party (the "Receiving Party") from the other party (the "Disclosing Party") or at the request or direction of the Disclosing Party in the course of performing the services under the Engagement Letter: (i) that have been marked as confidential; (ii) whose confidential nature has been made known by the Disclosing Party to the Receiving Party; or (iii) that due to their character and nature, a reasonable person under like circumstances would treat as confidential. Notwithstanding the foregoing, Confidential Information does not include information which: (1) is already known to the Receiving Party at the time of disclosure by the Disclosing Party; (2) is or becomes publicly known through no wrongful act of the Receiving Party; (3) is independently developed by the Receiving Party without benefit of the Disclosing Party's Confidential Information; (4) relates to information provided by KPMG relating to the tax treatment or tax structure of any transaction; (5) the Receiving Party determines is required to be maintained or disclosed by the Receiving Party under sections 6011, 6111 or 6112 of the Internal Revenue Code ("IRC") or the regulations thereunder or under any similar or analogous provisions of the laws of a state or other jurisdiction; or (6) is received by the Receiving Party from a third party without restriction and without a breach of an obligation of confidentiality.

(f) If the Receiving Party receives a subpoena or other validly issued administrative or judicial demand requiring it to disclose the Disclosing Party's Confidential Information, the Receiving Party shall, unless prohibited by law, provide prompt written notice to the Disclosing Party of such demand in order to permit it to seek a protective order. So long as the Receiving Party gives notice as provided herein, the Receiving Party shall be entitled to comply with such demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event the Receiving Party is requested to testify or produce its documents relating to the services under the Engagement Letter pursuant to subpoena or other legal process in judicial or administrative proceedings to which it is not a party, or in connection with an informal inquiry or investigation with the consent of the Disclosing Party, the Disclosing Party shall reimburse the Receiving Party for its time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

(b) The Receiving Party will deliver to the Disclosing Party or destroy all Confidential Information of the Disclosing Party and all copies thereof when the Disclosing Party requests the same, except for copies retained in work paper files or records, anything that may be stored in back up media or other electronic data storage systems, latent data and metadata. Except as otherwise set forth in this Paragraph 11 or Paragraph 15 below, the Receiving Party shall not disclose to any person, firm or entity any Confidential Information of the Disclosing Party without the Disclosing Party's express, prior written permission; provided, however, that notwithstanding the foregoing, the Receiving Party may disclose Confidential Information to the extent that it is required or necessary to be disclosed pursuant to a statutory or regulatory provision or court or administrative order, or, subject to appropriate conditions of confidentiality, to fulfill professional obligations and standards (including quality and peer review) or to submit and process an insurance claim.

12. **Assignment.** Subject to Paragraph 15 below, neither party may assign, transfer or delegate any of its rights or obligations without the prior written consent of the other party, such consent not to be unreasonably withheld.

13. **Governing Law; Severability.** The Engagement Letter and these Standard Terms and Conditions shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions. In the event that any term or provision of the Engagement Letter or these terms shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter and these terms shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

14. **Alternative Dispute Resolution.**

(c) The KPMG Parties may aggregate Client information with information from other sources in connection with thought

(a) Any dispute or claim arising out of or relating to the Engagement Letter between the parties or the services provided thereunder shall be submitted first to non-binding mediation (unless either party elects to forego mediation by initiating a written request for arbitration) and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-

KPMG LLP
Standard Terms and Conditions for Advisory and Tax Services

Administered Arbitration of the International Institute for Conflict Prevention and Resolution (the "IICPR"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction.

- (b) Mediation, if selected, may take place at a location to be designated by the parties using the Mediation Procedures of the IICPR, with the exception of paragraph 2 (Selecting the Mediator).
- (c) Arbitration shall take place in New York, New York. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in IICPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.
- (d) Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.
- (e) Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

15 Use of Member Firms and Third Party Service Providers.

- (a) Client acknowledges and agrees that the services under the Engagement Letter, including any applicable tax advice, may be performed by a Member Firm located outside of the United States. Client understands that each Member Firm is a separate, distinct and independent legal entity and is not a partner, principal, agent or affiliate of KPMG and KPMG is not a partner, principal, agent or affiliate of any other Member Firm.
- (b) Client further acknowledges that in connection with the performance of services under the Engagement Letter, KPMG and Member Firms, in their discretion or at Client's direction, may utilize the services of third party service providers within and without the United States to complete the services under the Engagement Letter.
- (c) KPMG uses third party service providers within and without the United States to provide at KPMG's direction administrative and clerical services to KPMG. These third party service providers may in the performance of such services have limited access to information, including but not limited to Confidential Information, received by KPMG from or at the request or direction of Client. KPMG represents to Client that each such third party service provider has agreed to conditions of confidentiality with respect to Client's information to the same or similar extent as KPMG has agreed to pursuant to Paragraph 11 above. KPMG has full

responsibility to cause these third party service providers to comply with such conditions of confidentiality and KPMG shall be responsible for any consequences of their failure to comply.

- (d) Accordingly, Client consents to KPMG's disclosure to a Member Firm or third party service provider and the use by such Member Firm and third party service provider of data and information, including but not limited to Confidential Information, received from or at the request or direction of Client for the purposes set forth in Paragraph 11 and this Paragraph 15.
- (e) Any services performed by a Member Firm or third party service provider shall be performed in accordance with the terms of the Engagement Letter and these Standard Terms and Conditions, including Paragraph 11 (Confidentiality), but KPMG shall remain responsible to Client for the performance of such services. Client agrees that any claim relating to the services under the Engagement Letter may only be made against KPMG and not any other Member Firm or third party service provider referred to above.

16. Miscellaneous.

- (a) **Sarbanes-Oxley.** Except as otherwise set forth in the Engagement Letter, in accepting this engagement, Client acknowledges that completion of this engagement or acceptance of Deliverables resulting from this engagement will not constitute a basis for Client's assessment or evaluation of internal control over financial reporting and disclosure controls and procedures, or its compliance with its principal officer certification requirements under Section 302 of the Sarbanes-Oxley Act of 2002 (the "Act"). The services under the Engagement Letter shall not be construed to support Client's responsibilities under Section 404 of the Act requiring each annual report filed under Section 13(a) or 15(d) of the Securities Exchange Act of 1934 to contain an internal control report from management.
- (b) **Electronic Communications.** KPMG and Client may communicate with one another by electronic mail or otherwise transmit documents in electronic form during the course of this engagement. Each party accepts the inherent risks of these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). Client agrees that the final hardcopy version of a document, including a Deliverable, or other written communication that KPMG transmits to Client shall supersede any previous versions transmitted electronically by KPMG to Client unless no such hard copy is transmitted.
- (c) **California Accountancy Act.** For engagements where services will be provided by KPMG through offices located in California, Client acknowledges that certain of KPMG's personnel who may be considered "owners" under the California Accountancy Act and implementing regulations (California Business and Professions Code section 5079(a); 16 Cal. Code Regs. sections 51 and 51.1) and who may provide services in connection with this engagement, may not be licensed as certified public accountants under the laws of any of the various states.
- (d) **Volume Rebates.** Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a

KPMG LLP
Standard Terms and Conditions for Advisory and Tax Services

volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to Client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges that may be charged to clients.

- (e) **Use of Names and Logos.** Except as permitted by law or the terms of the Engagement Letter, neither party shall acquire hereunder any right to use the name or logo of the other party or any part thereof. Any such use shall require the express written consent of the owner party.
- (f) **Privileged Communications.** Information relating to advice KPMG provides to Client, including communications between KPMG and Client and material KPMG creates in the course of providing advice, may be privileged and protected from disclosure to the IRS or other governmental authority in certain circumstances. As KPMG is not able to assert the privilege on Client's behalf with respect to any communications for which privilege has been waived, Client agrees to promptly notify KPMG of any such waivers, whether resulting from communications with KPMG or third parties in the same or a related matter. Client also understands that privilege may not be available for communications with an audit client and that KPMG personnel providing audit and non-audit services will discuss matters that may affect the audit to the extent required by applicable professional standards. Client agrees that KPMG will not assert on Client's behalf any claim of privilege unless Client specifically instructs KPMG in writing to do so after discussing the specific request and the grounds on which such privilege claim would be made. Notwithstanding the foregoing, Client acknowledges that in no event will KPMG assert any claim of privilege that KPMG concludes, after exercising reasonable judgment, is not valid.
- (g) **Active Spreadsheets and Electronic Files.** KPMG may use models, electronic files and spreadsheets with embedded macros created by KPMG to assist KPMG in providing the services under the Engagement Letter. If Client requests a working copy of any such model, electronic file or spreadsheet, KPMG may, at its discretion, make such item available to Client for its internal use only and such item shall be considered a Deliverable subject to Paragraph 4 above; provided that Client is responsible for obtaining the right to use any third party products necessary to use or operate such item.
- (h) **Non-Solicitation.** During the term of the Engagement Letter and for one year thereafter, neither party shall solicit for hire as an employee, consultant or otherwise any of the other party's personnel who have had direct involvement with the services under the Engagement Letter, without such other party's express written consent. This prohibition shall not apply to any offers of employment which result from a general solicitation for employment, including without limitation, through the Internet, newspapers, magazines and radio.
17. **Entire Agreement.** The Engagement Letter and these Standard Terms and Conditions, including the Exhibits and Appendices hereto and thereto, constitute the entire agreement between KPMG and Client with respect to the services under the Engagement Letter and supersede all other oral and written representations, understandings or agreements relating thereto.
18. **Additional Terms for Engagements Involving Tax Services.**
- (a) Notwithstanding anything to the contrary set forth herein, no provision in the Engagement Letter or these Standard Terms and Conditions is or is intended to be construed as a condition of confidentiality within the meaning of IRC sections 6011, 6111, 6112 or the regulations thereunder, or under any similar or analogous provisions of the laws of a state or other jurisdiction. In particular, Client (and each employee, representative, or other agent of Client) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction within the scope of this engagement and all materials of any kind (including opinions and other tax analyses) that are provided to Client relating to such tax treatment and tax structure. Client also agrees to use commercially reasonable efforts to inform KPMG of any conditions of confidentiality imposed by third party advisors with respect to any transaction on which KPMG advice is requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction.
- (b) Treasury regulations under IRC section 6011 require taxpayers to disclose to the IRS their participation in reportable transactions and IRC section 6707A imposes strict penalties for noncompliance. Client agrees to use commercially reasonable efforts to inform KPMG if Client is required to disclose any transaction covered by the Engagement Letter as a reportable transaction to the IRS or to any state or other jurisdiction adopting similar or analogous provisions. IRC section 6111 requires a material advisor with respect to a reportable transaction to disclose information on the transaction to the IRS by a prescribed date, and IRC section 6112 requires the material advisor to maintain, and make available to the IRS upon request, a list of persons and other information with respect to the transaction. KPMG will use commercially reasonable efforts to inform Client if KPMG provides Client's identifying information to the IRS under IRC section 6111 or 6112, or to any state or other jurisdiction adopting similar or analogous provisions.
- (c) Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by the IRS or other tax or revenue authorities.
- (d) In rendering tax advice, KPMG may consider, for example, the applicable provisions of the Internal Revenue Code of 1986, and the Employee Retirement Income Security Act of 1974, each as amended, and the relevant state, local and foreign statutes, the regulations thereunder, income tax treaties, and judicial and administrative interpretations, thereof. These authorities are subject to change, retroactively or prospectively, and any such changes could affect the validity of KPMG's advice.

APPENDIX A

[FORM OF NOTICE AND ACKNOWLEDGEMENT]

[Name of Third Party]
Address

The advice, recommendations and information in the document included with this notice were prepared for the sole benefit of [Name of Client], based on the specific facts and circumstances of [Name of Client], and its use is limited to the scope of KPMG's engagement for [Name of Client]. It has been provided to you for informational purposes only and you are not authorized by KPMG to rely upon it and any such reliance by you or anyone else shall be at your or their own risk. You acknowledge and agree that KPMG accepts no responsibility or liability in respect of the advice, recommendations or other information in such document to any person or organization other than [Name of Client]. You shall have no right to disclose the advice, recommendations or other information in such document to anyone else without including a copy of this notice and, unless disclosure is required by law or to fulfill a professional obligation required under applicable professional standards, obtaining a signed acknowledgement of this notice from the party to whom disclosure is made and you provide a copy thereof to [Name of Client]. You acknowledge and agree that you will be responsible for any damages suffered by KPMG as a result of your failure to comply with the terms of this notice.

Please acknowledge your acceptance of the foregoing by signing and returning to us a copy of this letter.*

Very truly yours,

[Name of Client]

By: _____
Name:
Title:

Accepted and Agreed to on this ___ day of ___, 20__ by:*

[Name of Third Party]

By: _____
Name:
Title:

*Remove in the event of a disclosure made by Client that is required by law, that is made to a regulatory authority having jurisdiction over Client or that is made pursuant to Paragraph 18(a) of the Standard Terms and Conditions in which case an acknowledgement is not required by the terms of Paragraph 4(c).

Attachment B- Client Expense Reimbursement Policy

The purpose of these travel procedures is to provide quality service to the traveler and a consistent method of managing the cost to Client, while providing appropriate management controls.

The following procedures should be followed when making travel arrangements:

I. AIR TRAVEL

The fare booked must be the most economical fare. This takes into account the following: Alternative flights, within two (2) hours, surrounding the requested departure and arrival times; penalty and nonrefundable fares; connecting vs. nonstop flights; and using alternate airports.

II. LODGING

Moderately priced, business-class hotels should be used. Generally, hotel reservations are guaranteed for late arrival. When travel plans change, the traveler shall be responsible for canceling the reservation. It is very important to cancel guaranteed reservations to avoid unnecessary charges.

III. GROUND TRANSPORTATION

A. Car Rentals

1. Rental cars shall not be used:

- a. Whenever using other, less expensive means of transportation would not interfere with the efficient conduct of a traveler's business; or
- b. When the only ground travel is between the airport and the hotel and a shuttle service is available or when taking a taxi would be less expensive than renting a car.

2. Generally, travelers should fill the tank with gas before returning the rental car. This will save on expensive refueling charges.

B. Other Transportation

When approved, the use of a personal vehicle for authorized travel will be reimbursed at the standard IRS mileage rate. The cost of taxis to and from places of business, hotels, restaurants, airports or railroad stations in connection with business activities is reimbursable. Taxis should be used only when more economical transportation services are not readily available such as hotel vans, shuttles, and mass transit.

IV. TRAVEL EXPENSE REIMBURSEMENT

GENERAL GUIDELINES FOR TRAVEL EXPENSE REIMBURSEMENT		
REIMBURSABLE	Y	N
1. Most Economical Airfare	X	
2. Airport Parking	X	
3. Amtrak or Other Transportation	X	
4. Moderately-Priced Hotel Rooms	X	
5. Room Service Meal Charges	X	
6. Nominal Daily Personal Phone Calls	X	
7. Charges for Rental Cars	X	
8. Additional Rental Car Insurance (International Only)	X	
9. Taxis, Shuttles, Etc.	X	
10. Tolls, Parking Charges	X	
11. Reasonable Meal Expenses and Tips	X	
12. Reasonable Health Club Charges	X	
13. Laundry (length of stay 7 days or longer)	X	
1. Spousal Travel		X
2. Air Travel Clubs/Lounges		X
3. Additional Air Travel Insurance		X
4. In-Flight Movies/Drinks		X
5. Additional Lost Baggage Insurance		X
6. Additional Rental Car Insurance (US only)*		X

7. Non-Business Related Entertainment		X
8. In-Room Movies		X
9. Magazines and Newspapers		X
10. Traffic Fines		X
11. Pet Care		X
12. Laundry (length of stay less than 7 days)		X

*Exceptions made in certain situations.

**PEOPLES GAS SYSTEM
DOCKET NO. 150259-GU
STAFF'S 1ST DATA REQUEST
REQUEST NO. 3**

DOCUMENTS RESPONSIVE TO REQUEST NO. 3.b.



Date : October 26, 2015

Invoice #: 8000854645

Peoples Gas System 702 N Franklin St PO Box 2562 Tampa FL 33601-2562 USA	Please Remit Payment To:		
	U.S. Mail	ACH/Wire	Overnight Delivery
	KPMG LLP Dept 0608 PO Box 120608 Dallas, TX 75312-0608 TIN: 13-5565207	Bank of New York Mellon 500 Ross St., Rm. 0940 Pittsburgh, PA 15262 ABA# [REDACTED] Acct# [REDACTED] Swift(USD) MELNUS3P Swift(NonUSD) IRVTUS3N	KPMG LLP Lockbox 0608 1501 N. Plano Rd. Richardson, TX 75081

Partner Name:	Earl Fagan Jr.	Client Number:	1000543776	B.A. Number:	8225
Manager Name:	William Hanley	Engagement Number:	2000434148		

Description of Services	Amount
Invoice for services rendered from September 28, 2015 through October 9th, 2015 in connection with an initial assessment, planning, and investigation of fraud and misconduct at PGS Divisions. Please see accompanying pages for description of services, professional fees and expense detail.	[REDACTED]
Payment Terms: Due Upon Receipt / On Delivery	Total: [REDACTED]

SUPPLEMENTAL SCHEDULE TO INVOICE #:

8000854645

PEOPLES GAS SYSTEM

FEES & Expenses: September 28, 2015 Through October 9, 2015

Period Ending	Resource Name	Resource Level	Total Hours	Description of Activities	Hourly Rate	Total Fees	Expenses	Billed Fees & Expenses
09-Oct-15	Earl Fagan Jr.	Managing Director	████	Engagement oversight/planning/site visits	████	████	████	████
09-Oct-15	Tim Carter	Director	████	Analytics coordination/planning/site visits	████	████	████	████
09-Oct-15	William Hanley	Director	████	Analytics coordination/planning/site visits	████	████	████	████
09-Oct-15	Renee Gooden-Miller	Manager	████	Analytics preparation/planning	████	████	████	████
09-Oct-15	Scott Rosenbaum	Sr. Associate	████	Analytics preparation/planning	████	████	████	████
	Total		████			████	████	████



Date : December 11, 2015

Invoice #: 8000903212

Peoples Gas System 702 N Franklin St PO Box 2562 Tampa FL 33601-2562 USA	Please Remit Payment To:		
	U.S. Mail	ACH/Wire	Overnight Delivery
	KPMG LLP Dept 0608 PO Box 120608 Dallas, TX 75312-0608 TIN: 13-5565207	Bank of New York Mellon 500 Ross St., Rm. 0940 Pittsburgh, PA 15262 ABA# [REDACTED] Acct# [REDACTED] Swift(USD) MELNUS3P Swift(NonUSD) IRVTUS3N	KPMG LLP Lockbox 0608 1501 N. Plano Rd. Richardson, TX 75081

Partner Name:	Earl Fagan Jr.	Client Number:	1000543776	B.A. Number:	8225
Manager Name:	William Hanley	Engagement Number:	2000434148		

Description of Services	Amount
Invoice for services rendered from October 10, 2015 through November 30, 2015 in connection with planning and investigation of fraud and misconduct at PGS Divisions. Please see accompanying pages for description of services, professional fees and expense detail.	[REDACTED]
Payment Terms: Due Upon Receipt / On Delivery	Total: [REDACTED]

SUPPLEMENTAL SCHEDULE TO INVOICE #: 8000903212

PEOPLES GAS SYSTEM

FEES & Expenses: October 10, 2015 Through November 30, 2015

Period Ending	Resource Name	Resource Level	Total Hours	Description of Activities	Hourly Rate	Total Fees	Expenses	Billed Fees & Expenses
30-Nov-15	Earl Fagan Jr.	Managing Director	██████	Engagement oversight/planning/site visits	██████	██████	██████	██████
30-Nov-15	Tim Carter	Director	██████	Analytics coordination/planning/site visits	██████	██████	██████	██████
30-Nov-15	William Hanley	Director	██████	Analytics coordination/planning/site visits	██████	██████	██████	██████
30-Nov-15	Renee Gooden-Miller	Manager	██████	Analytics coordination/planning/site visits	██████	██████	██████	██████
30-Nov-15	Scott Rosenbaum	Sr. Associate	██████	Analytics preparation	██████	██████	██████	██████
30-Nov-15	Amanda Maxwell	Associate	██████	Analytics preparation/site visits	██████	██████	██████	██████
	Total		██████			██████	██████	██████



Date : January 28, 2016

Invoice #: 8000952569

Peoples Gas System 702 N Franklin St PO Box 2562 Tampa FL 33601-2562 USA	Please Remit Payment To:		
	U.S. Mail	ACH/Wire	Overnight Delivery
	KPMG LLP Dept 0608 PO Box 120608 Dallas, TX 75312-0608 TIN: 13-5565207	Bank of New York Mellon 500 Ross St., Rm. 0940 Pittsburgh, PA 15262 ABA# [REDACTED] Acct# [REDACTED] Swift(USD) MELNUS3P Swift(NonUSD) IRVTUS3N	KPMG LLP Lockbox 0608 1501 N. Plano Rd. Richardson, TX 75081

Partner Name:	Earl Fagan Jr.	Client Number:	1000543776	B.A. Number:	8225
Manager Name:	William Hanley	Engagement Number:	2000434148		

Description of Services	Amount
Invoice for services rendered from December 1, 2015 through December 31, 2015 in connection with planning and investigation of fraud and misconduct at PGS Divisions. Please see accompanying pages for description of services, professional fees and expense detail.	[REDACTED]
Payment Terms: Due Upon Receipt / On Delivery	Total: [REDACTED]

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Please reference our invoice number with your remittance

SUPPLEMENTAL SCHEDULE TO INVOICE #: 8000952569

PEOPLES GAS SYSTEM

FEES & Expenses: December 1, 2015 Through December 31, 2015

Period Ending	Resource Name	Resource Level	Total Hours	Description of Activities	Hourly Rate	Total Fees	Expenses	Billed Fees & Expenses
31-Dec-15	Earl Fagan Jr.	Managing Director	█	Engagement oversight/planning/site visits	█	█	█	█
31-Dec-15	Tim Carter	Director	█	Analytics coordination/planning/site visits	█	█	█	█
31-Dec-15	William Hanley	Director	█	Analytics coordination/planning/site visits	█	█	█	█
31-Dec-15	Renee Gooden-Miller	Manager	█	Analytics coordination/planning/site visits	█	█	█	█
31-Dec-15	Clisha Crossley	Manager	█	Analytics preparation	█	█	█	█
31-Dec-15	Amanda Maxwell	Associate	█	Analytics preparation	█	█	█	█
	Total		█			█	█	█



Date : February 24, 2016

Invoice #: 8000986323

Peoples Gas System 702 N Franklin St PO Box 2562 Tampa FL 33601-2562 USA	Please Remit Payment To:		
	U.S. Mail	ACH/Wire	Overnight Delivery
	KPMG LLP Dept 0608 PO Box 120608 Dallas, TX 75312-0608 TIN: 13-5565207	Bank of New York Mellon 500 Ross St., Rm. 0940 Pittsburgh, PA 15262 ABA# [REDACTED] Acct# [REDACTED] Swift(USD) MELNUS3P Swift(NonUSD) IRVTUS3N	KPMG LLP Lockbox 0608 1501 N. Plano Rd. Richardson, TX 75081

Partner Name: Earl Fagan Jr. Client Number: 1000543776 B.A. Number: 8225 Manager Name: William Hanley Engagement Number: 2000434148			
---	--	--	--

Description of Services	Amount
Invoice for services rendered from January 1, 2016 through January 31, 2016 in connection with planning and investigation of fraud and misconduct at PGS Divisions. Please see accompanying pages for description of services, professional fees and expense detail.	[REDACTED]
Payment Terms: Due Upon Receipt / On Delivery	Total: [REDACTED]

SUPPLEMENTAL SCHEDULE TO INVOICE #: 8000986323

PEOPLES GAS SYSTEM

FEES & Expenses: January 1, 2016 Through January 31, 2016

Period Ending	Resource Name	Resource Level	Total Hours	Description of Activities	Hourly Rate	Total Fees	Expenses	Billed Fees & Expenses
31-Jan-16	Phil Ostwalt	Partner	█	Planning	█	█	█	█
31-Jan-16	Earl Fagan Jr.	Managing Director	█	Engagement oversight/planning/site visits	█	█	█	█
31-Jan-16	Tim Carter	Director	█	Analytics coordination/planning/site visits	█	█	█	█
31-Jan-16	William Hanley	Director	█	Analytics coordination/planning/site visits	█	█	█	█
31-Jan-16	Renee Gooden-Miller	Manager	█	Analytics coordination/planning/site visits	█	█	█	█
31-Jan-16	Clisha Crossley	Manager	█	Analytics coordination/planning/site visits	█	█	█	█
31-Jan-16	Lianne Cipolat	Sr. Associate	█	Analytics preparation	█	█	█	█
31-Jan-16	Amanda Maxwell	Associate	█	Analytics preparation	█	█	█	█
	Total		█			█	█	█