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October 21, 1996

VIA HAND DELIVERY

Ms. Blanca Bayo
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Request for Confidential Classification, Docket No. 960502-GU

Dear Ms. Bayo:

Enclosed are the original and 15 copies of City Gas Company of Florida's Amended Request for Confidential Classification of certain audit workpapers. I have also enclosed one set of the confidential documents in a separate envelope. We ask that the Clerk's office maintain the confidential status of these documents.

Pursuant to my conversation with Kay Flynn, upon receipt of the enclosed amended filing, you will return to me the confidential filing made on September 3, 1996. The enclosed filing will replace entirely the filing that was made on September 3, 1996.

I have enclosed an extra copy of the Request for you to stamp and return to me. Please contact me if you have any questions. Thank you for your assistance.

Sincerely,

Vicki Gordon Kaufman
Vicki Gordon Kaufman

RECEIVED & FILED

14
FPSC-BUREAU OF RECORDS

VGK/pw
Encls.
cc: Vicki Johnson (w/encls.)
Mike Palecki (w/encls.)

- ACK _____
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FPSC-RECORDS/REPORTING

SOUTHWORTH CO. USA ORIGINAL
FILE 0071

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of City Gas Company)
of Florida for an Increase in its Rates)
and Charges.)

Docket No. 960502-GU

Filed: October 21, 1996

**CITY GAS COMPANY OF FLORIDA'S
AMENDED REQUEST FOR CONFIDENTIAL CLASSIFICATION**

City Gas Company of Florida (City Gas or the Company), pursuant to section 366.093, Florida Statutes, and rule 25-22.006(4), Florida Administrative Code, files its amended request for confidential classification of certain audit workpapers compiled during the Staff audit in this docket. In support thereof, City Gas states:

Introduction

1. On June 18, 1996, City Gas filed its petition and supporting documentation seeking a rate increase.
2. As part of the Commission's review of the rate case filing, Commission Staff auditors performed an audit of City Gas. During the audit, City Gas provided certain documents containing confidential information which the auditors kept or from which they took notes. On August 12, 1996, following the completion of field work, audit staff notified City Gas of the audit workpapers which had been accorded Temporary Confidential Status.
3. Pursuant to rule 25-22.06(3)(a)2, Florida Administrative Code, City Gas files its Request for Confidential Classification of the Documents identified and discussed below. In addition, in accordance with rule 25-22.006(4)(c), attached hereto as Exhibit A is a line-by-line justification for the requested confidential

DOCUMENT NUMBER-DATE

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treatment of the highlighted portions of these documents.¹

4. The material for which confidential classification is sought is intended to be and is treated by City Gas as private and has not been publicly disclosed.

5. City Gas requests that the information for which it seeks confidential classification not be declassified and that it be returned to City Gas at the conclusion of this docket.

Documents for Which Confidential Classification is Sought

6. The audit documents for which City Gas seeks confidential classification fall into four categories: 1) information taken from internal audit reports; 2) customer specific information; and 3) information related to current on-going litigation. Each category of information is discussed below.

Internal Audit Information

7. City Gas seeks confidential classification for the Notes on Internal Audits [9-1]², the List of Internal Audits [9-1/1] and Customer Billing Information from Internal Audits. [41-4/1A].³ These documents contain information which Staff has taken from Internal Audits performed by the Company. Such documents must be protected from public disclosure for several reasons.

¹ City Gas does not seek confidential classification for all the audit workpapers but only those discussed herein.

² Documents for which confidential classification is sought are referenced by their audit workpaper number.

³ In addition, the Customer Billing Information [41-4/1A] contains specific customer information which must also be protected under Section 366.093(3)(e). See discussion under Customer Specific Information, infra.

8. First, section 366.093(3), Florida Statutes, defines "proprietary confidential business information" as information:

which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations and has not been disclosed . . .

Internal audits clearly fall into this category. City Gas' policy is to keep these audits strictly confidential.

9. Second, section 366.093(3) provides illustrative examples of proprietary confidential information. It states:

Proprietary confidential business information includes, but is not limited to:

. . .

(b) Internal auditing controls and reports of internal auditors.

(Emphasis supplied). Thus, the statute specifically includes the reports of internal auditors in the classification of proprietary confidential information. The information in question here is information which was taken from such reports and should likewise be afforded confidentiality.

10. Third, internal audits are reviews which the Company voluntarily undertakes to monitor and improve its performance in various areas. Internal audit documents reveal the detailed inner workings and thought processes of the Company. If information from such internal audits is not kept confidential, it may have a chilling effect on utilities' willingness to perform these kinds of audits and/or to share the

results with Staff.

11. The Commission recently granted confidential classification of similar materials for Florida Power and Light Company (FPL). In Docket No. 960001-EI, FPL requested confidential classification for certain portions of Staff's fuel audit. Staff summarized FPL's request as follows:

FPL has requested confidential treatment of the list of internal audits and notes taken from internal audits. FPL argues that this information has not been publicly disclosed, and only a select few FPL employees have seen these documents. FPL asserts that all of the material and the corresponding workpapers were extracted from an internal audit.

Order No. PSC-96-0198-CFO-EI at 2. FPL's request was granted. In the specific listing of documents, confidentiality was granted on the basis that the document "contains information taken directly from internal audits." *Id.* at 4-5. City Gas' internal audit documents are entitled to the same protection.

Customer Specific Information

12. In their audit workpapers, Staff has included several documents which contain customer specific information, such as the account numbers, names and addresses of customers as well as specific consumption information. [41-4, 41-4/iA and 41-4/1B]. This customer specific information is proprietary confidential business information which is closely guarded by City Gas. Such information should be protected from public disclosure.

13. In addition, this information is proprietary to customers whose competitive posture could be jeopardized by disclosure. The Company carefully

guards such information to protect the interests of its customers.

14. Section 366.093(3)(e) exempts from public disclosure "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." The gas business is highly competitive; City Gas faces competition from propane, oil and electricity and possibly from direct bypass to the gas pipeline. Public availability of this type of information would enable City Gas's competitors to target the Company's customers and design packages specifically for them. It would, in essence, provide a list of prospective customers. Therefore, disclosure of this information would harm City Gas' ratepayers and its competitive business interests. See, Order No. PSC-96-0449-CFO-TL where the Commission granted GTE's request for confidential classification of customer specific information resulting from an audit of transactions between GTE and its affiliate.

Information Related to On-going Litigation

15. City Gas is engaged in on-going litigation in several venues with former Company executives regarding a variety of matters. These vigorously contested proceedings are of a highly sensitive nature; this is especially the case since they involve former City Gas executives.

16. Staff has included in its audit workpapers a letter from NUI's General Counsel [8-1]. This letter discusses the facts related to the litigation in some detail.

17. City Gas considers this information to be confidential proprietary business information within the meaning of section 366.093(3). It is held strictly confidential within the Company and its disclosure could cause harm to the ratepayers and the

Company if the information becomes available to adverse parties involved in the litigation.

18. Further, this type of information is entitled to protection on the same basis as are internal audits discussed above. The information results from reviews which the Company or others have performed. If such information becomes public, it could have a chilling effect on the willingness of the Company to gather such information in the future.

WHEREFORE, City Gas requests that the Commission enter an order classifying the documents described in the body of this motion as confidential.

Vicki Gordon Kaufman
Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas
117 S. Gadsden Street
Tallahassee, Florida 32301
(904) 222-2525

Attorneys for City Gas Company
of Florida

EXHIBIT "A"
CITY GAS COMPANY OF FLORIDA
List of Staff Audit Workpapers for which
Confidential Treatment is Requested, together with Justification

Audit Workpaper Number	Page	Lines	Justification (See "Notes" Below)
8-1	1-3	All	(3)
9-1	1-12	All	(1)
9-1/1	1-2	All	(1)
41-4/1A	1-6	All	(1), (2)
41-4/1B	1-13	All	(2)

Notes to Exhibit "A" Regarding Justification:⁴

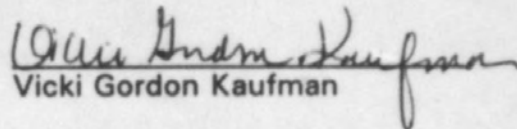
- (1) This information was obtained from Company Internal Audits. As such it is protected by §366.093(3). Release of this information would have a chilling effect and discourage the Company from performing such audits and/or revealing such audits to Staff.
- (2) This information is customer specific information. As such it is protected by §366.093(d)(e) because release would interfere with the Company's ability to contract and would also impair City Gas' ability to compete.
- (3) This information relates to sensitive on-going litigation involving former Company executives. As such, it is protected by §366.093(3) as making it public could cause harm to the Company's ratepayers and the Company's business operations. Further, it is protected for the same reasons internal audit information is confidential.

⁴ This chart is a summary of City Gas' justification of its request. See the body of the motion for detailed explanation.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of City Gas Company of Florida's Amended Request for Confidential Classification has been furnished by hand delivery (*) or U. S. Mail to the following parties of record this 21st day of October, 1996:

* Vicki Johnson
Staff Attorney
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850


Vicki Gordon Kaufman

August 5, 1996 letter from James R. Van Horn to Kathy Welch, pp. 1-3. Confidentiality is requested for entire document. (Audit Workpapers 8-1).

**Review of internal Audit Workpapers, 09/30/95, pp. 1-12.
Confidentiality is requested for entire document. (Audit
Workpapers 9-1).**

**Audit Reports 1993-1996, as of May 14, 1996, pp. 1-2.
Confidentiality is requested for entire document. (Audit
Workpapers 9-1/1).**

**Customer Billing Information, 02/29/96, pp. 1-6.
Confidentiality is requested for entire document. (Audit
Workpapers 41-4/1A).**

Customer Billing Information, pp. 1-13. Confidentiality is requested for entire document.

MEMORANDUM

October 21, 1996

TO: DIVISION OF APPEALS
 DIVISION OF AUDITING AND FINANCIAL ANALYSIS
 DIVISION OF COMMUNICATIONS
 DIVISION OF ELECTRIC AND GAS
 DIVISION OF RESEARCH
 DIVISION OF WATER AND WASTEWATER
 DIVISION OF LEGAL SERVICES

FROM: DIVISION OF RECORDS AND REPORTING (SANDERS)

RE: CONFIDENTIALITY OF CERTAIN INFORMATION

DOCUMENT NO: 11210-96

DESCRIPTION: Amended certain audit workpapers compiled during staff audit (x-ref 08597-96).

SOURCE: City Gas Company of Florida

DOCKET NO.: 960562-GU

The above material was received with a request for confidentiality (attached). Please prepare a recommendation for the attorney assigned to the case by completing the section below and forwarding a copy of this memorandum, together with a brief memorandum supporting your recommendation, to the attorney. Copies of your recommendation should also be provided to the Division of Records and Reporting and to the Division of Appeals.

Please read each of the following and check if applicable.

- The document(s) is (are), in fact, what the utility asserts it (them) to be.
- The utility has provided enough details to perform a reasoned analysis of its request.