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IN REPLY REFER TO:

December 18, 1996

David M. Nicholson  
P. O. Box 1531  
Tampa, FL 33601

VIA FEDERAL EXPRESS

Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

Re: Docket No. 960003-GU -- Purchased Gas Adjustment (PGA)  
Clause -- Request for Confidential Treatment of Certain Audit Workpapers:

Dear Ms. Bayo:

We submit herewith on behalf of Peoples Gas System, Inc. a request for confidential treatment of portions of certain Audit Workpapers, which workpapers resulted from a Commission audit of the six month periods ending March 31, 1996 and September 30, 1996.

This request is made pursuant to Section 366.093, Florida Statutes, for the reasons detailed in the document entitled "Peoples Gas System, Inc.'s Request for Confidential Treatment of Certain Audit Workpapers", the original and 10 copies of which are also enclosed herewith for filing. The sensitive information contained in the enclosed documents has been shaded in grey or highlighted in yellow.

We enclose a high density computer diskette containing the enclosed request (IBM-DOS 4.0, WP5.1) as required by the Commission's rules.

Finally, we enclose for filing 10 "public" copies of the documents identified above on which the sensitive information has been whited out.

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
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FPSC-RECORDS/REPORTING

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REDACTED  
# 13524-96  
12/19/96

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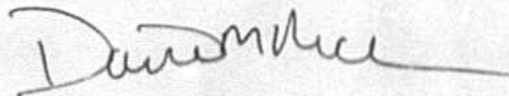
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Blanca S. Bayo, Director  
December 18, 1996  
Page 2

Please acknowledge your receipt and filing of the enclosures by stamping the duplicate copy of this letter which is enclosed and returning the same to the undersigned.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Nicholson", with a long horizontal flourish extending to the right.

David M. Nicholson

Enclosures

cc: Mr. Hugh M. Grey, III  
Ms. Adriene Guidry  
Mr. W. Edward Elliott

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas : Docket No. 960003-GU  
Adjustment (PGA) Clause :  
: Submitted for Filing: 12-19-96

PEOPLES GAS SYSTEM, INC.'S  
REQUEST FOR CONFIDENTIAL TREATMENT  
OF CERTAIN AUDIT WORKPAPERS

Pursuant to Section 366.093, Florida Statutes, Peoples Gas System, Inc. ("Peoples"), submits the following Request for Confidential Treatment of portions of certain audit workpapers resulting from a Commission Audit of the six month periods ending March 31, 1996 and September 30, 1996 (the "Audit Workpapers"), and states as follows:

1. Attached hereto as Exhibit "A" is a justification for the requested confidential treatment of the highlighted portions of the Audit Workpapers.

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

3. Peoples requests that the information for which it seeks confidential classification not be declassified until June 19, 1998 (i.e., for a period of 18 months from Peoples request) as provided in Section 366.093(4), Florida Statutes. The time period requested is necessary to allow Peoples and/or its affiliated companies to negotiate future gas purchase contracts without their suppliers/competitors (and other customers) having access to information which would adversely affect the ability of Peoples and

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its affiliates to negotiate such future contracts on favorable terms. The period of time requested will ultimately protect Peoples and its customers.

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

Respectfully submitted,

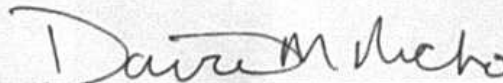


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Ansley Watson, Jr.  
David M. Nicholson  
MACFARLANE FERGUSON & McMULLEN  
P. O. Box 1531, Tampa, Florida 33601  
(813) 273-4200  
Attorneys for Peoples Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Treatment, filed on behalf of Peoples Gas System, Inc., has been furnished by regular U.S. Mail this 18th day of December, 1996, to all known parties of record in Docket No. 960003-GU.



---

David M. Nicholson

<u>WORKPAPER</u>	<u>LINES</u>	<u>RATIONALE</u>
Index	25	(1)

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(1) The highlighted information contains the names of customers to which Peoples sold gas during the involved period. Publishing the names of Peoples' customers would be detrimental to the interests of Peoples and its ratepayers since it would indicate to competitors what each customer's consumption habits are, provide competitors with a list of prospective customers, or permit a third party to interject itself as a middleman between Peoples and the customer. In any case, the end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

Peoples' considers the names of its customers (as well as each customer's consumption habits) to be contractual information which, if made public, "would impair the efforts of [Peoples] to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes.

<u>WORKPAPER</u>	<u>LINE(S)</u>	<u>COLUMN(S)</u>	<u>RATIONALE</u>
41-3/1	1-41, 43	"Dec 1995"	(1)
41-3/2	1-41, 43	"Dec 1995"	(1)
41-3/3	1-49, 51	"June 1996"	(1)
41-3/4	1-49, 51	"June 1996"	(1)

(1) The highlighted information contains the names of customers to which Peoples sold gas during the involved period. Publishing the names of Peoples' customers would be detrimental to the interests of Peoples and its ratepayers since it would indicate to competitors what each customer's consumption habits are, provide competitors with a list of prospective customers, or permit a third party to interject itself as a middleman between Peoples and the customer. In any case, the end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

Peoples' considers the names of its customers (as well as each customer's consumption habits) to be contractual information which, if made public, "would impair the efforts of [Peoples] to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes.

<u>WORKPAPER</u>	<u>LINE(S)</u>	<u>COLUMN(S)</u>	<u>RATIONALE</u>
43-1A (1 of 6)	9, 18-30	C and E	(1)
43-1A (1 of 6)	9-11, 18-30	A	(2)
43-1A (2 of 6)	9 19-34	C and E	(1)
43-1A (2 of 6)	9-11, 19-37	A	(2)
43-1A (3 of 6)	10, 20-39	C and E	(1)
43-1A (3 of 6)	10-12, 20-39	A	(2)
43-1A (4 of 6)	10, 20-37	C and E	(1)
43-1A (4 of 6)	10-12, 20-37	A	(2)
43-1A (5 of 6)	9, 18-35	C and E	(1)
43-1A (5 of 6)	9-11, 18-35	A	(2)
43-1A (6 of 6)	11, 23-42	C and E	(1)
43-1A (6 of 6)	11-13, 23-42	A	(2)



(1) This data is contractual information which, if made public, "would impair the efforts of [Peoples] to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes. The information shows, in Column C, the terms purchased from each supplier for the month and, in Column E, the total cost of the volume purchased. Such information could be used to calculate the actual prices which Peoples paid for gas to each of its suppliers for the involved month. Knowledge of the prices Peoples paid to its gas suppliers during the month would give other competing suppliers information with which to potentially or actually control the pricing of gas either by all quoting a particular price (which would in all likelihood equal or exceed the price Peoples paid), or by adhering to a price offered by a particular supplier. A supplier which might have been willing to sell gas at a price less than the price which could be derived for any particular supplier would likely refuse to do so. Such a supplier would be less likely to make any price concessions which it might have previously made (or might otherwise have been willing to make), and could simply refuse to sell at a price less than an individual price paid by Peoples. The end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

(2) Publishing the names of suppliers would be detrimental to the interests of Peoples and its ratepayers since it would provide a list of prospective suppliers. If the names were made public, a third party might try to interject itself as a middleman between the supplier and Peoples. The end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

<u>WORKPAPER</u>	<u>LINE(S)</u>	<u>COLUMN(S)</u>	<u>RATIONALE</u>
43-1B (1 of 6)	10, 19-31	C and E	(1)
43-1B (1 of 6)	10-12, 19-31	A	(2)
43-1B (1 of 6)	11	F	(3)
43-1B (2 of 6)	9, 18-27	C and E	(1)
43-1B (2 of 6)	9-11, 18-27	A	(2)
43-1B (2 of 6)	10	F	(3)
43-1B (3 of 6)	9 27-35	C and E	(1)
43-1B (3 of 6)	9-11, 27-37	A	(2)
43-1B (3 of 6)	9	F	(3)
43-1B (4 of 6)	9 21-28	C and E	(1)
43-1B (4 of 6)	9-11, 21-28	A	(2)
43-1B (4 of 6)	10	F	(3)
43-1B (5 of 6)	9 21-29	C and E	(1)

43-1B (5 of 6)	9-11, 21-29	A	(2)
43-1B (5 of 6)	10	F	(3)
43-1B (6 of 6)	8 22-28 30-32	C and E	(1)
43-1B (6 of 6)	8-10, 22-32	A	(2)
43-1B (6 OF 6)	9	F	(3)

(1) For the same reasons expressed above in Rationale 1, pages 2-3 of this Exhibit "A", Peoples requests confidential treatment of this information.

(2) For the same reasons expressed above in Rationale 2, page 3 of this Exhibit "A", Peoples requests confidential treatment of this information.

(3) The shaded portions of column F represents totals of various bracketed lines from column E. By simply adding the nonconfidential bracketed lines in column E and subtracting that total from the column F number, a competitor of Peoples could determine the confidential figure in column E. Knowledge of the prices Peoples paid to its gas suppliers during the month would give other competing suppliers information with which to potentially or actually control the pricing of gas either by all quoting a particular price (which would in all likelihood equal or exceed the price Peoples paid), or by adhering to a price offered by a particular supplier. A supplier which might have been willing to sell gas at a price less than the price which could be derived for any particular supplier would likely refuse to do so. Such a supplier would be less likely to make any price concessions which it might have previously made (or might otherwise have been willing to make), and could simply refuse to sell at a price less than an individual price paid by Peoples. The end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.



<u>WORKPAPER</u>	<u>LINE(S)</u>	<u>COLUMN(S)</u>	<u>RATIONALE</u>
10-13/3			
(1 of 4)	1-35	"Customer"	(1)
(2 of 4)	1	"Customer"	(1)
(3 of 4)	1	"Customer"	(1)
(4 of 4)	1-6	"Customer"	(1)

(1) The highlighted information contains the names of customers to which Peoples sold gas during the involved period. Publishing the names of Peoples' customers would be detrimental to the interests of Peoples and its ratepayers since it would indicate to competitors what each customer's consumption habits are, provide competitors with a list of prospective customers, or permit a third party to interject itself as a middleman between Peoples and the customer. In any case, the end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

Peoples' considers the names of its customers (as well as each customer's consumption habits) to be contractual information which, if made public, "would impair the efforts of [Peoples] to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes.



<u>WORKPAPER</u>	<u>LINE(S)</u>	<u>COLUMN(S)</u>	<u>RATIONALE</u>
10-13/5			
(1 of 4)	1-35	"Customer"	(1)
(2 of 4)	1	"Customer"	(1)
(3 of 4)	1-2	"Customer"	(1)
(4 of 4)	1-2	"Customer"	(1)

(1) The highlighted information contains the names of customers to which Peoples sold gas during the involved period. Publishing the names of Peoples' customers would be detrimental to the interests of Peoples and its ratepayers since it would indicate to competitors what each customer's consumption habits are, provide competitors with a list of prospective customers, or permit a third party to interject itself as a middleman between Peoples and the customer. In any case, the end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

Peoples' considers the names of its customers (as well as each customer's consumption habits) to be contractual information which, if made public, "would impair the efforts of [Peoples] to contract for goods or services on favorable terms." Section 366.093(3)(d), Florida Statutes.

<u>WORKPAPER</u>	<u>LINES</u>	<u>RATIONALE</u>
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10-13/6	4-6, 9, 11	(1)
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(1) The highlighted information contains the names of customers or names of customer contacts to which Peoples sold gas during the involved period. Publishing the names of Peoples' customers or customer contacts would be detrimental to the interests of Peoples and its ratepayers since it would indicate to competitors what each customer's consumption habits are, provide competitors with a list of prospective customers, or permit a third party to interject itself as a middleman between Peoples and the customer. In any case, the end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

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<u>WORKPAPER</u>	<u>LINES</u>	<u>RATIONALE</u>
10-13/7	1-2	(1)

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(1) The highlighted information contains the names of customers to which Peoples sold gas during the involved period. Publishing the names of Peoples' customers would be detrimental to the interests of Peoples and its ratepayers since it would indicate to competitors what each customer's consumption habits are, provide competitors with a list of prospective customers, or permit a third party to interject itself as a middleman between Peoples and the customer. In any case, the end result is reasonably likely to be increased gas prices, and therefore an increased cost of gas which Peoples must recover from its ratepayers.

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<u>WORKPAPER</u>	<u>LINES</u>	<u>RATIONALE</u>
10-14/1		
(1 of 2)	1-2	(1)
(2 of 2)	1-11	(1)

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(1) The highlighted information contains the salaries of gas accounting and gas transportation employees of Peoples. Publishing the salaries of Peoples' employees would be detrimental to the interests of Peoples and its ratepayers since it would provide competitors with information regarding the salary structure of Peoples and possibly give competitors an advantage if they were to seek to hire a Peoples employee. The loss of any of these employees would require Peoples to replace the employee and incur recruiting and training expenses and possibly increase its PGA related payroll expenses with the end result likely to be increased costs, and therefore an increased cost of gas which Peoples must recover from its ratepayers.



<u>WORKPAPER</u>	<u>LINES</u>	<u>RATIONALE</u>
43-4/4	1-17	(1)

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(1) The highlighted information contains the salaries and other compensation of gas accounting and gas transportation employees of Peoples as well as totals of the figures. Publishing the salaries of Peoples' employees would be detrimental to the interests of Peoples and its ratepayers since it would provide competitors with information regarding the salary structure of Peoples and possibly give competitors an advantage if they were to seek to hire a Peoples employee. The loss of any of these employees would require Peoples to replace the employee and incur recruiting and training expenses and possibly increase its PGA related payroll expenses with the end result likely to be increased costs, and therefore an increased cost of gas which Peoples must recover from its ratepayers.