

090001-EI

Explanation of the Need to Maintain Confidential Classification for a 24-Month Duration

The majority of the fuel and transportation contracts from which the costs in the 423 Report are derived contain annual price adjustment provisions. If existing or potential fuel and transportation suppliers were to obtain confidential contract pricing information for a prior reporting month within the currently effective 12-month adjustment period, current pricing information would be disclosed. In addition, if contractual pricing information for a reporting month in the previous 12-month adjustment period were to be obtained, the information would be only one adjustment removed from the current price. Suppliers knowledgeable in the recent escalation experience of their market could readily calculate a reasonably precise estimate of the current price.

To guard against providing suppliers with such a competitive advantage, confidential information must be protected from disclosure for the initial 12-month period in which it could remain current, and for the following 12-month period in which it can be readily converted into essentially current information. For example, if information for the first month under an adjusted contract price is reported in May of Year 1, the information will remain current through April of Year 2. Thereafter, the initial May, Year 1 information will be only one escalation

COM	_____	adjustment removed from the current information reported each month through
ECR		
GCL		April, Year 3. If confidential classification of the May, Year 1 information were
OPC	_____	
RCP	_____	to expire after 18 months, suppliers would be able to accurately estimate current
SSC	_____	prices in October, Year 2 using information that had been current only six months
SGA	_____	
ADM	_____	earlier.
CLK	_____	

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An 18-month confidentiality period would effectively waste the protection given in the first six months of the second 12-month pricing period (months 13 through 18) by disclosing information of the same vintage in the last six months of the pricing period. The information disclosed in months 19 through 24 would be equally as detrimental in terms of revealing the current price as the information protected from disclosure during the preceding six months. To make the protection provided in months 13 through 18 meaningful, it must be extended through month 24.

Extending the confidentiality period by six months would mean that the information will be one additional price adjustment further removed from the current price at the time of disclosure. Simply put, a six-month extension provides an additional 12 months of protection.