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IN REPLY REFER TO:

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

March 2, 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 -3 AM 10:56  
COMMISSION  
CLERK

Re: Docket No. 160029-GU -- Petition for approval of a special contract with United Parcel Service, Inc., by Peoples Gas System

**REQUEST FOR CONFIDENTIAL TREATMENT**

Dear Ms. Stauffer:

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

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

Thank you for your usual assistance.

Sincerely,

*Ansley Watson, Jr.*  
Ansley Watson, Jr.

COM \_\_\_\_\_  
AFD \_\_\_\_\_  
APA \_\_\_\_\_  
ECO 4  
ENG \_\_\_\_\_  
GCL 3  
IDM \_\_\_\_\_  
TEL \_\_\_\_\_  
CLK \_\_\_\_\_

AWjr/a  
Enclosures

cc: Kyessa Mapp, Esquire  
John J. Truitt, Esquire  
Ms. Kandi M. Floyd

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of a special contract )  
with United Parcel Service, Inc., by Peoples Gas )  
System. )  
\_\_\_\_\_ )

Docket No. 160029-GU

Submitted for Filing:  
3-3-16

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

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

1. Attached hereto as Exhibit A is a detailed justification for the requested confidential treatment of the highlighted portions of the Company's responses to the Staff's First Data Requests Nos. 1, 2, 6 and 7.

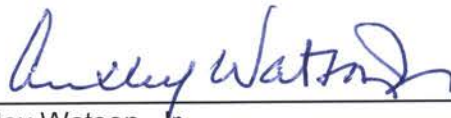
2. The material for which confidential classification is sought is intended to be and is treated as private by both Peoples and United Parcel Service, Inc. ("UPS"), and has not been disclosed.

3. Peoples requests that the information for which it seeks confidential classification not be declassified until two months after the expiration of the term of the special contract for which the Commission's approval is sought in this docket. Such information consists of the costs for construction of extended facilities required to provide gas transportation service to UPS and other customers, information from which such costs could be arithmetically determined, information from which the rates at which service will be provided to UPS could be arithmetically determined, and hourly rates at which Peoples performs certain operation and maintenance tasks. The detailed justification for non-disclosure of the highlighted portions of Peoples' responses to portions of Staff's First Data Requests Nos. 1, 2, 6 and 7 (see Exhibit A attached hereto) also establishes good cause for the Commission's finding that the protection

from disclosure should extend for a period longer than 18 months (see Section 366.093(4), *Florida Statutes*). The time period requested is necessary to protect the competitive information referenced above from disclosure to Peoples' competitors and to other customers in order to allow Peoples, should it become necessary, to negotiate future gas service arrangements with other customers on favorable terms based on the specific factual circumstances of such customers. The costs of construction, if disclosed, could also hamper Peoples' efforts to contract for goods and services on favorable terms. The period of time requested will ultimately protect Peoples and its customers by any such future arrangements being entered into based only on the facts and circumstances then applicable to the particular customer, contractor or vendor.

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

Respectfully submitted,



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Macfarlane Ferguson & McMullen  
P. O. Box 1531  
Tampa, Florida 33601-1531

Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Treatment, filed on behalf of Peoples Gas System, has been furnished electronically to Kyesha Mapp, Esquire, Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and to John J. Truitt, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400, this 2nd day of March, 2016.



\_\_\_\_\_  
Ansley Watson, Jr.

## PEOPLES' RESPONSES TO STAFF'S FIRST DATA REQUEST

### JUSTIFICATION FOR CONFIDENTIAL TREATMENT OF HIGHLIGHTED INFORMATION

Peoples seeks specified confidential treatment, and non-disclosure pursuant to Chapter 119, *Florida Statutes*, of the information highlighted on the Company's responses to Staff's First Data Request Nos. 1, 2, 6 and 7.

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

**Staff's First Data Request No. 2** -- The highlighted information is Peoples' estimated revenues to be derived from providing gas transportation service to UPS under the LOA – information which could be used to arithmetically determine the rates at which such service will be provided. Such information is entitled to confidential treatment and protection from disclosure for the same reasons as are set forth with respect to the highlighted information in the response to Staff's First Data Request No. 1. Section 366.093(3)(e), *Florida Statutes*.

**Staff's First Data Request No. 6** – The highlighted information is Peoples' hourly rates for the performance of certain operation and maintenance functions associated with the facilities installed to provide gas service to UPS. This is proprietary confidential business information to Peoples that is not disclosed, and that is entitled to protection from disclosure pursuant to Section 366.093(3)(e), *Florida Statutes*.

**Staff's First Data Request No. 7** – The highlighted information is a calculation of Peoples' rate base and return requirements for the facilities constructed to provide service to UPS, from which the cost of construction for such facilities could be determined, and which information was used in designing the rates to be charged to UPS during the term of the LOA. It is information directly relating to Peoples' competitive interests which, if made public, "would impair the competitive business" of Peoples in the event it should become necessary to negotiate similar arrangements with this customer, other customers or potential customers in the future. Section 366.093(3)(e), *Florida Statutes*. Disclosure of the specific costs used to

determine the rate(s) required to recover the costs of an expansion of facilities through which Peoples will provide gas service to UPS would give other customers or potential customers a benchmark or target to use in negotiations with Peoples, notwithstanding that their particular circumstances may not be the same as, or even similar to, those of UPS. In addition, disclosure of these costs would give contractors or vendors from which Peoples would solicit bids for pipeline components or construction a benchmark or target to use in negotiations with Peoples for construction of the involved facilities or other future facilities expansion projects. Disclosure of this information would impair the efforts of Peoples to contract for goods or services on favorable terms. Section 366.093(3)(d), *Florida Statutes*.

**REDACTED**

PEOPLES GAS SYSTEM  
DOCKET NO: 160029-GU  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 1  
PAGE: 1 OF 1  
FILED: MARCH 3, 2016

1. What is the projected cost to install the extension of approximately 3.8 miles of 6-inch coated steel natural gas pipeline to provide service to UPS?
  - A. The projected cost to install the line extension is [REDACTED]. Of this cost, UPS was allocated [REDACTED] based on UPS' maximum hourly flow requirement.

PEOPLES GAS SYSTEM  
DOCKET NO: 160029-GU  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 2  
PAGE: 1 OF 1  
FILED: MARCH 2, 2016

2. How long will it take to recover the cost of facilities extension? Please provide the calculations illustrating the length of the recovery period.
- A. It will take approximately [REDACTED] to recover the cost of the facilities to serve UPS.

UPS Facility Cost Recovery Period

\$374,388

<u>Year</u>	<u>Revenue</u>	<u>Cumulative Revenue</u>	<u>Facility NBV</u>	<u>Facility Cost less Depreciation</u>
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]	[REDACTED]	
3	[REDACTED]	[REDACTED]	[REDACTED]	
4	[REDACTED]	[REDACTED]	[REDACTED]	
5	[REDACTED]	[REDACTED]	[REDACTED]	
6	[REDACTED]	[REDACTED]	[REDACTED]	
7	[REDACTED]	[REDACTED]	[REDACTED]	
8	[REDACTED]	[REDACTED]	[REDACTED]	
9	[REDACTED]	[REDACTED]	[REDACTED]	
10	[REDACTED]	[REDACTED]	[REDACTED]	



**PEOPLES GAS SYSTEM**  
**DOCKET NO: 160029-GU**  
**STAFF'S 1ST DATA REQUEST**  
**REQUEST NO. 6**  
**PAGE: 1 OF 1**  
**FILED: MARCH 2, 2016**

6. Referring to Exhibit C to the petition, please explain and show the derivation of the amount shown in Line 1, Operation and Maintenance.

A. See below.

Cost of Service Study  
 UPS  
 Peoples Gas System, a Division of Tampa Electric Company  
Estimated O&M Expense

Line	Description	Amount
1	Meter (prove) - 8 hours/year @ [REDACTED] hour	NA
2	Repaint station(s) every 2 years @ \$2,500 each	NA
3	Maintenance and calibration of EFM Equipment [REDACTED] 8 hours/year	NA
4	[REDACTED] replacement board	NA
	[REDACTED] replacement modem	NA
	[REDACTED] replacement battery (5 years)	NA
	[REDACTED] Misc. materials	NA
5	Annual Regulator Testing and Repair (16 hours) [REDACTED] Misc. materials	[REDACTED]
6	Line Maintenance - CP, Leak Surveys, Locates [REDACTED]	[REDACTED]
7	Miscellaneous Expense [REDACTED]	[REDACTED]
8	Total Estimated O&M Expenses [REDACTED]	[REDACTED]

PEOPLES GAS SYSTEM  
DOCKET NO: 160029-GU  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 7  
PAGE: 1 OF 1  
FILED: MARCH 2, 2016

7. Referring to Exhibit C to the petition, please explain and show the derivation of the amount shown in Line 5, Return Requirements.

A. See below.

Cost of Service Study

UPS

Peoples Gas System, a Division of Tampa Electric Company  
Calculation of Rate Base, Return Requirements and Income Taxes

Line	Description	Amount
1	Gross investment in plant	● [REDACTED]
2	Less: credit to capital	_____ -
3	Less: Accumulated depreciation @ 4.20%	● [REDACTED]
4	13 month average rate base	● [REDACTED]
5	Overall cost of Capital (December 31, 2014 ESR)	6.66%
6	Return requirements	● [REDACTED]

PEOPLES GAS SYSTEM  
DOCKET NO: 160029-GU  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 1  
PAGE: 1 OF 1  
FILED: MARCH 3, 2016

1. What is the projected cost to install the extension of approximately 3.8 miles of 6-inch coated steel natural gas pipeline to provide service to UPS?
  - A. The projected cost to install the line extension is [REDACTED]. Of this cost, UPS was allocated [REDACTED] based on UPS' maximum hourly flow requirement.

PEOPLES GAS SYSTEM  
DOCKET NO: 160029-GU  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 2  
PAGE: 1 OF 1  
FILED: MARCH 2, 2016

2. How long will it take to recover the cost of facilities extension? Please provide the calculations illustrating the length of the recovery period.

A. It will take approximately [REDACTED] to recover the cost of the facilities to serve UPS.

UPS Facility Cost Recovery Period

\$374,388

<u>Year</u>	<u>Revenue</u>	<u>Cumulative Revenue</u>	<u>Facility NBV</u>	<u>Facility Cost less Depreciation</u>
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]	[REDACTED]	
3	[REDACTED]	[REDACTED]	[REDACTED]	
4	[REDACTED]	[REDACTED]	[REDACTED]	
5	[REDACTED]	[REDACTED]	[REDACTED]	
6	[REDACTED]	[REDACTED]	[REDACTED]	
7	[REDACTED]	[REDACTED]	[REDACTED]	
8	[REDACTED]	[REDACTED]	[REDACTED]	
9	[REDACTED]	[REDACTED]	[REDACTED]	
10	[REDACTED]	[REDACTED]	[REDACTED]	

**PEOPLES GAS SYSTEM**  
**DOCKET NO: 160029-GU**  
**STAFF'S 1ST DATA REQUEST**  
**REQUEST NO. 6**  
**PAGE: 1 OF 1**  
**FILED: MARCH 2, 2016**

6. Referring to Exhibit C to the petition, please explain and show the derivation of the amount shown in Line 1, Operation and Maintenance.

A. See below.

Cost of Service Study  
 UPS  
 Peoples Gas System, a Division of Tampa Electric Company  
Estimated O&M Expense

Line	Description	Amount
1	Meter (prove) - 8 hours/year @ [REDACTED] hour	NA
2	Repaint station(s) every 2 years @ \$2,500 each	NA
3	Maintenance and calibration of EFM Equipment [REDACTED]	NA
4	8 hours/year replacement board replacement modem replacement battery (5 years) Misc. materials	NA NA NA NA NA
5	Annual Regulator Testing and Repair (16 hours) [REDACTED]	[REDACTED]
	Misc. materials	[REDACTED]
6	Line Maintenance - CP, Leak Surveys, Locates [REDACTED]	[REDACTED]
7	Miscellaneous Expense	[REDACTED]
8	Total Estimated O&M Expenses	[REDACTED]

**PEOPLES GAS SYSTEM**  
**DOCKET NO: 160029-GU**  
**STAFF'S 1ST DATA REQUEST**  
**REQUEST NO. 7**  
**PAGE: 1 OF 1**  
**FILED: MARCH 2, 2016**

7. Referring to Exhibit C to the petition, please explain and show the derivation of the amount shown in Line 5, Return Requirements.

A. See below.

Cost of Service Study  
 UPS

Peoples Gas System, a Division of Tampa Electric Company  
Calculation of Rate Base, Return Requirements and Income Taxes

Line	Description	Amount
1	Gross investment in plant	● [REDACTED]
2	Less: credit to capital	_____
3	Less: Accumulated depreciation @ 4.20%	● [REDACTED]
4	13 month average rate base	● [REDACTED]
5	Overall cost of Capital (December 31, 2014 ESR)	6.66%
6	Return requirements	● [REDACTED]