

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate
increase by Peoples Gas System.

DOCKET NO. 020384-GU
ORDER NO. PSC-02-1755-CFO-GU
ISSUED: December 12, 2002

ORDER GRANTING REQUEST FOR CONFIDENTIAL CLASSIFICATION OF
CERTAIN PORTIONS OF REBUTTAL TESTIMONY OF BRUCE NARZISSENFELD
AND J. PAUL HIGGINS, AND PORTIONS OF EXHIBITS BNN-3 AND JPH-5

Pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, Peoples Gas System (Peoples or Company) has requested confidential treatment for portions of the rebuttal testimony of Bruce Narzissenfeld and J. Paul Higgins, and portions of Exhibits BNN-3 and JPH-5. The documents for which confidential classification is sought were filed under seal on November 12, 2002, as Document Nos. 12334-02 and 12335-02, along with a Notice of Intent to Request Confidential Classification.

Peoples' Request for Confidential Classification (Request) was filed on December 10, 2002. In its Request, Peoples asserts that the information for which confidential classification has been sought has not been made public, and consists of information related to the executive compensation of Peoples executives (in the case of Mr. Higgins' testimony and his Exhibit JPH-5), and the executive incentive compensation, including stock grants, of Peoples and TECO Energy, Inc., generally (in the case of Mr. Narzissenfeld's testimony and his Exhibit BNN-3).

Pursuant to Sections 366.093(3), and 366.093(3)(e), Florida Statutes, Peoples requests confidential classification of the information described below, and has provided the following justification therefor.

Rebuttal Testimony of Bruce Narzissenfeld

Page 6, line 5 and Page 6, line 9:

The information shown is the result of a study by an outside consultant to the TECO Energy, Inc. Board of Directors regarding the consultant's recommended long-term incentive strategy and guidelines for the grant of

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stock options to TECO Energy executives and management, and is a comparison of such recommendations to competitive market levels of compensation for similar positions. Disclosure of this information would hamper the Company's ability to negotiate incentive compensation and stock grants with its executives and other management personnel, by providing information indicating how the forms of compensation being proposed compare to similar incentives and grants for similar positions with other companies. Disclosure of the information would also enable competing employers to meet or beat the incentive compensation and grants paid and awarded, and offered to be paid and awarded by the Company (and its parent and affiliated companies) to their executives and other managerial personnel. The result would be either loss of the executives and other managers, or increases in these types of compensation for the purpose of retaining their services, either of which would cause harm to the Company and its ratepayers. As such, the highlighted information is "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Section 366.093(3)(e), Florida Statutes.

Rebuttal Testimony of J. Paul Higgins

Page 22, lines 12 and 14:

The information shown is a reference to the results of a study regarding the Company's pay structure and compares the job market value of its total compensation to the job market value (based on market data) for comparable positions. Disclosure of this information would hamper the Company's ability to negotiate compensation with its executives and other management personnel, by providing information indicating how the compensation being proposed compares to compensation for similar positions with other companies. Disclosure of the information would also enable competing employers to meet or beat the compensation paid and offered to be paid by the Company to its executives and other managerial personnel. The result would be either loss of the executives and other

managers, or the payment of increased compensation for the purposes of retaining their services, or the payment of increased compensation for the purposes of retaining their services, either of which would cause harm to the Company and its ratepayers. As such, the highlighted information is "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Section 366.093(3)(e), Florida Statutes.

Exhibit BNN-3

All Highlighted Information

All of the information highlighted consists of information which (a) identifies the level of the competitive market at which TECO Energy has made grants of long-term incentive compensation, or the level of the competitive market at which the consultant is recommending that such grants be made for the time period to which recommendation is being made, (b) identifies the past and future levels at which grants of long-term incentive compensation has been, or is being recommended to be, granted, (c) describes the methodology used in valuing the awards of long-term incentive compensation, (d) identifies the elements of the long-term incentive compensation awarded in the past and recommended to be awarded for the period to which compensation relates, (e) identifies the strategies recommended for the award of long-term incentive compensation and the components thereof, or (f) identifies the factors used by the consultant in developing the recommendations. All of such information is inextricably intertwined.

Disclosure of any of the highlighted information would hamper the Company's ability to negotiate incentive compensation and stock grants with its executives and other management personnel, by providing information regarding the composition of the incentive compensation offered by the Company, the basis for the consultant's recommendations, the strategy for the award of long-term incentive compensation, and how the forms of compensation

being proposed compare to the Company's past practices and to similar incentives and grants for similar positions with other companies. Disclosure of the information would also enable competing employers to meet or beat the incentive compensation and grants paid and awarded, and offered to be paid and awarded by the Company (and its parent and affiliated companies) to their executives and other managerial personnel. The result would be either loss of the executives and other managers, or increases in these types of compensation for the purpose of retaining their services, either of which would cause harm to the Company and its ratepayers. As such, the highlighted information is "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Section 366.093(3)(e), Florida Statutes.

Exhibit JPH-5

Columns entitled, "PGS Base Avg" and "PGS *TC Avg"

The highlighted information consists of the average base pay and the average total compensation paid by Peoples for each of the personnel positions listed under the column entitled "Job Title," and would permit comparison of such amounts with the comparable pay information listed for each such position in the three columns with "Market Data" headings.

Disclosure of the highlighted information would hamper the Company's ability to negotiate compensation with new executives and other management personnel, by providing information indicating how the compensation being proposed compares to compensation for similar positions with other companies. Disclosure of the information would also enable competing employers to meet or beat the compensation paid and offered to be paid by the Company to its executives and other managerial personnel. The result would be either loss of the executives and other managers, or the payment of increased compensation for the purpose of retaining their services, either of which

would cause harm to the Company and its ratepayers. As such, the highlighted information is "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Section 366.093(3)(e), Florida Statutes.

Columns entitled "PGS Base Avg Vs Mkt Data Avg," "PGS Avg Vs Mkt Data 50%," and "PGS *TC Avg Vs Mkt *TC Avg"

The highlighted information consists of a comparison of the average base pay and the average total compensation paid by Peoples for each of the personnel positions listed under the column entitled "Job Title" with the comparable pay information listed for each such position in the three columns with "Market Data" headings.

Disclosure of the highlighted information would hamper the Company's ability to negotiate compensation with new executives and other management personnel, by providing information indicating how the compensation being proposed compares to compensation for similar positions with other companies. Disclosure of the information would also enable competing employers to meet or beat the compensation paid and offered to be paid by the Company to its executives and other managers, or the payment of increased compensation for the purpose of retaining their services, either of which would cause harm to the Company and its ratepayers. As such, the highlighted information is "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." Section 366.093(3)(e), Florida Statutes.

Ruling

Upon review, it appears that the information described above is proprietary confidential business information, within the meaning of Sections 366.093(3) and 366.093(3)(e), Florida Statutes, for the reasons expressed by Peoples. Therefore, Peoples' request for confidential classification of this information shall be granted.

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Section 366.093(4), Florida Statutes, provides that "any finding by the Commission that records contain proprietary confidential business information is effective for a period not to exceed 18 months, unless good cause is shown for a specified longer period." Peoples did not specify a time period in its request, therefore, this information shall be granted confidential classification for a period of 18 months from the issuance of this order. At the conclusion of the 18 month period, Peoples may, in its discretion, renew its request for confidentiality. Moreover, prescribed by Section 366.093(2), Florida Statutes, the subject information shall be returned to Peoples if not entered into the record.

Based on the foregoing, it is

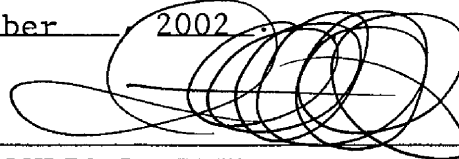
ORDERED by Commissioner Braulio L. Baez, as Prehearing Officer, that Peoples Gas System's Request for Confidential Classification of Document Nos. Nos. 12334-02 and 12335-02 is granted. It is further

ORDERED that pursuant to Section 364.183, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, any confidentiality granted to the documents specified herein shall expire 18 months from the date of issuance of this Order in the absence of a renewed request for confidentiality pursuant to Section 364.183, Florida Statutes. It is further

ORDERED that this Order shall be the only notification by the Commission to the parties of the date of declassification of the materials discussed herein.

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By ORDER of Commissioner Braulio L. Baez, as Prehearing Officer, this 12th day of December 2002.



BRAULIO L. BAEZ
Commissioner and Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form

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prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.