

Law Offices

HOLLAND & KNIGHT

A Registered Limited Liability Partnership

315 South Calhoun Street
Suite 600
P.O. Drawer 810 (ZIP 32302-0810)
Tallahassee, Florida 32301

904-224-7000
FAX 904-224-0832

July 28, 1997

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KAREN D. WALKER
904-425-5612

Internet Address
kwalker@hkllaw.com

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Application for Increased Water Rates by Hobe Sound Water Company (HSWC) in Martin County, Docket No. 970164-WU

Dear Ms. Bayo:

On behalf of our client, The Hobe Sound Water Company, Inc. ("Hobe Sound"), enclosed for filing in the docket referenced above is Hobe Sound's Request for Confidential Classification accompanied by a sealed envelope containing the document subject to the Request with the confidential information highlighted, and two copies of the document with the confidential information redacted. **The highlighted portions of the unredacted version should be held as Confidential Information in accordance with Rule 25-22.006, Florida Administrative Code.**

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMR _____
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- EAC _____
- LES _____
- LTJ _____
- SE _____
- WAS _____
- OTH _____

For purpose of our records, please acknowledge your receipt of this filing on the enclosed copy of this letter.

Thank you for your consideration in this matter.

Sincerely,

HOLLAND & KNIGHT LLP

Karen D. Walker

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FPSC-RECORDS

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Blanca S. Bayo
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Enclosure
KDW/sms

cc: Roseanne Capeless
Jack Shreve, Office of Public Counsel
Michael Carfine
John F. Guastella

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of The Hobe Sound) Docket No. 970164-WU
Water Company for Increased)
Water Rates in Martin County) Filed: July 28, 1997

**REQUEST OF THE HOBE SOUND WATER COMPANY, INC.
FOR CONFIDENTIAL CLASSIFICATION**

The Hobe Sound Water Company, Inc. (the "Utility"), by and through undersigned counsel, pursuant to Section 367.156, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, requests that the Florida Public Service Commission ("the Commission") classify as confidential the March 19, 1996 Stock Purchase And Sale Agreement And Agreement And Plan Of Corporation Separation (the "Agreement") between The Trustees To The Hobe Sound Trust (the "Trust"), Jupiter Island Club, Inc. ("JIC"), and The Hobe Sound Company (the "Company"). The Agreement was provided to the Commission's auditors at their request under confidentiality seal. Because the audit is now complete, the Utility files this request to maintain the confidentiality of the Agreement.

1. In conducting its field work in connection with the Utility's request for a rate increase in this docket, the Commission's auditors requested that the Utility provide them with the Agreement pursuant to Rule 25-30.145, Florida Administrative Code.

2. In providing material to the Commission's auditors, the Utility indicated on Document Request Form PSC/AFA6 (2/95) that the Agreement is believed by the Utility to be confidential. Commission staff conducted its audit exit conference with the Utility on July 7, 1997. Therefore, the Utility is filing this request within 21 days of

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the audit exit conference, as required by Rule 25-22 006(3)(a)2, Florida Administrative Code, to preserve the confidentiality of the Agreement.

3. The Agreement is intended to be, and has been treated by the Utility, as private and has not been disclosed other than pursuant to the request of the Commission's auditors.

4. The Agreement is entitled to confidential classification pursuant to Section 367.156(2), Florida Statutes, and is exempt from Section 119.07(1), Florida Statutes, because it contains proprietary confidential business information. Section 367.156(3) provides that propriety confidential business information is:

information, regardless of form or characteristics, 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 persons or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of court or administrative body, or a private agreement that provides that the information will not be released to the public.

§ 367.156(3), Fla. Sta. (Supp. 1996). Section 367.156(3) further provides that proprietary confidential business information includes "[c]ontractual data, the disclosure of which would impair the efforts of the utility or its affiliates to contract for goods or services on favorable terms" and "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive businesses of the provider of the information." § 367.156(3), Fla. Sta. (Supp. 1996).

5. The Agreement constitutes proprietary confidential business information within the meaning of that term as described in Section 367.156(3), Florida Statutes.

Prior to the effective date of the Agreement, the Company owned all outstanding shares of stock in the Utility. The Trust owned 60 percent of the shares in the Company. The remaining 40 percent was owned by members of the Jupiter Island Club (the "Club"). Through the Agreement, the Company separated the ownership and control of its Club operations from its other operations. The Trust exchanged a portion of its shares in the Company for all outstanding stock in the Utility¹ and JIC acquired a controlling interest in the Club. The Agreement contains the price paid for shares of stock, and other highly sensitive information. Revealing the details of the Agreement could negatively impact the price at which stock in the Company, the Utility and/or JIC may be sold in the future. Because disclosure of the Agreement could cause harm to the Company, the Utility and/or JIC, and the Agreement has not been previously disclosed except to the Commission's auditors, the Agreement should be held confidential pursuant to Section 367.156(2), Florida Statutes, and Rule 25-22.006, Florida Administrative Code.

6. Attached hereto in a sealed envelope marked "Exhibit A" is a copy of the Agreement for which confidential classification is requested. All of the information contained in the Agreement is confidential. Thus, it is not possible to edit out confidential portions of the Agreement. Additionally, because the Agreement is confidential in its entirety for reasons described above, there is no basis for articulating

¹ The Commission acknowledged the corporate reorganization of the Utility in Order No. PSC-96-0678-FOF-WU. See In re: Petition for Acknowledgement of a Corporate Reorganization of Hobe Sound Water Company in Martin County, 96 F.P.S.C. 5:427, Docket No. 960349-WU, Order No. PSC-96-0678-FOF-WU (May 23, 1996).


a line-by-line justification for the confidential treatment of the information. The Utility, however, has summarized the confidential information in this Request for Confidential Classification.

7. Because of the sensitive stock information in the Agreement, the Utility is unable to provide a date by which the Agreement will no longer be proprietary confidential business information.

8. The Utility has good cause and justification for its request, and continued confidentiality of the Agreement will not prejudice any of the parties to this docket. Moreover, the Utility will make the Agreement available for inspection upon execution of the appropriate protective agreement.

WHEREFORE, the Utility respectfully requests the Commission determine that the Agreement is confidential and exempt from the Public Records Act, Chapter 119, Florida Statutes.

Respectfully submitted,

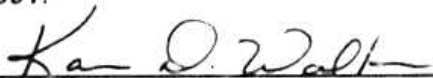


D. Bruce May
Florida Bar No. 354473
Karen D. Walker
Florida Bar No. 0982921
HOLLAND & KNIGHT LLP
P.O. Drawer 810
Tallahassee, FL 32301
(904) 224-7000

Attorneys for Hobe Sound
Water Company, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by Hand Delivery to Ms. Roseanne Capeless, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 and by U.S. Mail to Jack Shreve, Office of Public Counsel, 111 W. Madison St., Suite 812, Tallahassee, FL 32399 this 28th day of July, 1997.



Karen D. Walker

TAL-111835.1