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IN REPLY REFER TO

December 9, 2002

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VIA FEDERAL EXPRESS

Blanca S. Bayo, Director  
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Florida Public Service Commission  
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Tallahassee, Florida 32399-0850

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Re: Docket No. 020384-GU -- Petition for rate increase by PEOPLES GAS SYSTEM - REQUEST FOR CONFIDENTIAL CLASSIFICATION

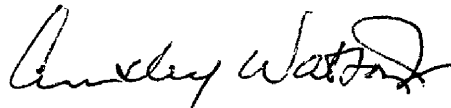
Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Peoples Gas System, please find the original and 20 copies of Peoples Gas System's Request for Confidential Classification of portions of certain rebuttal testimony and exhibits filed with the Commission on November 12, 2002.


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

Thank you for your assistance.

Sincerely,

  
ANSLEY WATSON, JR.

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Blanca S. Bayo, Director  
December 9, 2002  
Page 2

cc: Parties of Record  
Ms. Angela Llewellyn  
Matthew R. Costa, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 020384-GU  
Submitted for Filing:  
12-10-02

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

Peoples Gas System ("Peoples" or the "Company"), by its undersigned attorneys and pursuant to Section 366.093, *Florida Statutes*, and Rule 25-22.006, *F.A.C.*, requests confidential classification of the highlighted portions of the rebuttal testimony of Bruce Narzissenfeld and J. Paul Higgins, and portions of Exhibits BNN-3 and JPH-5, contained in the sealed envelope filed with the Commission on November 12, 2002 (the "Testimony and Exhibits"). In support of this request, Peoples states as follows:

1. The information for which confidential classification is 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 executive stock grants, of Peoples and TECO Energy, Inc. generally (in the case of Mr. Narzissenfeld's testimony and his Exhibit BNN-3).

2. The confidentiality of this information is protected by Section 366.093, *Florida Statutes*, and Rule 25-22.006, *F.A.C.* The statute generally defines "proprietary confidential business information" as including information that, if disclosed, "would cause harm to the ratepayers or the . . . company's business operations . . ." See §366.093(3). Without limiting this broad definition, the statute specifically protects against disclosure of "[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." §366.093(3)(e). All of the

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highlighted information in the Testimony and Exhibits falls into one or both of these categories and thus constitutes “proprietary confidential business information” that is protected from public disclosure.

3. The Testimony of Mr. Higgins references 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. Pages 4 through 6 of Exhibit JPH-5 show more details regarding the Company’s total compensation for various positions as compared to similar positions in the overall job market. Disclosure of the highlighted portions of Mr. Higgins’ rebuttal testimony and pages 3 through 6 of his Exhibit JPH-5 would cause harm to the Company and its ratepayers in at least two ways. First, disclosure of this information would hamper the Company’s ability to negotiate compensation with its executives, by providing information indicating how the compensation being proposed by Peoples compares to compensation for similar positions in the general job market. Second, disclosure of the information would enable competing employers to meet or beat the compensation paid and offered to be paid by Peoples to its executives. The result would be either loss of the executives, 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.

4. The Testimony of Mr. Narzissenfeld references the results of a study by an outside consultant to the TECO Energy, Inc. Board of Directors detailing the consultant’s recommended long-term incentive strategy and guidelines for the grant of stock options to TECO Energy executives and management, and compares such recommendations to

competitive market levels derived by weighting comparable compensation market data at 60% for the energy services industry and 40% for general industry. Disclosure of the highlighted portions of Mr. Narzissenfeld's rebuttal testimony and the information contained in his Exhibit BNN-3 would cause harm to the Company and its ratepayers in at least two ways. First, 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. Second, disclosure of the information would 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.

5. Appendix A to this Request provides the justification for the confidential treatment of the highlighted information contained in the Rebuttal Testimony of Bruce Narzissenfeld and his Exhibit BNN-3, and in the Rebuttal Testimony of J. Paul Higgins and his Exhibit JPH-5.

6. For the reasons set forth above, Peoples respectfully requests confidential classification of the highlighted portions of the Testimony and Exhibits contained in the sealed envelope filed with the Commission in this docket on November 12, 2002.

Dated this 9th day of December, 2002.

Respectfully submitted,



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ANSLEY WATSON, JR.  
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and

MATTHEW R. COSTA  
Legal Department  
TECO Energy, Inc.  
P. O. Box 111  
Tampa, Florida 33601-1531  
(813) 228-4938

Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Classification has been furnished by regular U.S. mail to the following, this 9th day of December, 2002:

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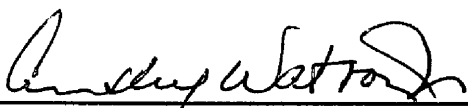
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\_\_\_\_\_  
Ansley Watson, Jr.

## JUSTIFICATION FOR CONFIDENTIAL TREATMENT

### Rebuttal Testimony of Bruce Narzissenfeld

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

The information shown is the results 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 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." §366.093(3)(e).

### 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 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.” §366.093(3)(e).

**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 the recommendation 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.” §366.093(3)(e).

**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." §366.093(3)(e).

Columns entitled "PGS Base Avg Vs Mkt Data Avg," "PGS Base 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 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." §366.093(3)(e).