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August 4, 2014

BY HAND DELIVERY

Ms. Carlotta Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

REDACTED

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COMMISSION
CLERK

Re: Docket No. 140025-EI -Application for rate increase by Florida Public Utilities Company.

Dear Ms. Stauffer:

Enclosed for filing, please find the original and seven copies of Florida Public Utilities Company's Request for Confidential Classification for information contained in the Testimony of Donna Ramas, filed in the docket on behalf of the Office of Public Counsel on July 28. Enclosed with this request, pursuant to Rule 25-22.0006, F.A.C., are one highlighted and two redacted copies of the subject confidential material.

Please do not hesitate to contact me if you have any questions whatsoever regarding this filing.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cc:/Service List (Docket 140025-EI)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: **Application for rate increase by Florida Public Utilities Company.**

DOCKET NO. 140025-EI

DATED: August 4, 2014

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Florida Public Utilities Company (“FPU” or “Company”), by and through its undersigned counsel, pursuant to Section 366.093, Florida Statutes, and consistent with the provisions of Rule 25-22.006(4), Florida Administrative Code, hereby submits its Request for Confidential Classification to protect information contained in the Testimony of Donna Ramas, filed on behalf of the Office of Public Counsel (“OPC”) in this proceeding. In support of this Request, FPU states that:

1. On April 28, 2014, FPU filed its Petition for Approval of a Rate Increase and Request for Interim Increase, along with the requisite MFRs.
2. On July 28, 2014, the OPC filed the Testimony of Donna Ramas in this proceeding, which contained certain information and references that were derived from discovery responses provided by FPU, which the Company considers to be proprietary, confidential business information. The subject testimony was submitted by the OPC under confidential cover, along with a redacted copy, followed by a corrected redacted copy on July 30, 2014 (x-ref. Document Nos. 04030-14, 04053-14, and 04072-14).
3. The Commission has previously granted confidential classification to the discovery responses from which this testimony is, in pertinent part, derived by Order No. PSC-14-0386-CFO-EI, issued July 24, 2014, in this docket.

4. The information included in witness Ramas's testimony includes details regarding compensation that FPU treats as confidential information, the disclosure of which could be harmful to the Company's business operations, as well its ratepayers.
5. Specifically, the information at issue involves details relating to FPU's Incentive Performance Plan (IPP), which FPU considers competitively sensitive information and has not otherwise disclosed publicly. If disclosed, the information could impair FPU's to attract and retain top-level, qualified employees by providing FPU's competitors in the market for employees an unfair advantage over FPU through knowledge of FPU's compensation and incentive arrangements.
5. The information for which FPU seeks confidential classification is information that meets the definition of "proprietary confidential business information" as set forth in Section 366.093(3), Florida Statutes, which provides:

(3) Proprietary confidential business information means 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 person's or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public. Proprietary confidential business information includes, but is not limited to:

- (a) Trade secrets.
- (b) Internal auditing controls and reports of internal auditors.
- (c) Security measures, systems, or procedures.
- (d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.
- (e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.
- (f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

6. Specifically, FPUC seeks confidential classification for the information in the referenced testimony sections, as set forth below:

Document	Page/Line	Rationale
Testimony of Donna Ramas	Page 29, lines 8 – 24; chart at the top of page 30, as well as page 30, lines 5 through 18; page 31, lines 1 through 18; page 32, lines 15 through 24; and page 33, lines 1 through 8.	Competitively sensitive information regarding the Company's Incentive Performance Plan, which is deemed highly propriety by the Company, and which, if disclosed, would reveal employee compensation and incentive information that could impair the Company's ability to retain highly qualified employees, thus impairing the Company's operations and ability to provide high quality service to its ratepayers. (Section 366.093 (e))

7. The information set forth in these identified sections is proprietary confidential information that falls squarely under Section 366.093(3)(e), Florida Statutes. Release of the identified IPP information could impair FPU's ability to retain certain key personnel and provide competitors and unfair advantage in attracting qualified employees. As such, FPU requests that the Commission afford this information confidential treatment and exempt from Section 119.07, Florida Statutes.

8. Consistent with Rule 25-22.006(4), Florida Administrative Code, one highlighted and two redacted copies of the reference pages of witness Ramas's testimony accompany this request.
9. FPU asks that confidential classification be granted for a period of at least 18 months.

WHEREFORE, FPUC respectfully requests:

- 1) that the specified information in the Testimony of Donna Ramas be classified as "proprietary confidential business information," and thus, exempt from Section 119.07, Florida Statutes; and
- 2) that confidential classification for the identified information be granted for a period of at least 18 months and thereafter, that it be returned to the Company if no longer needed by the Commission.

RESPECTFULLY SUBMITTED this 4th day of August, 2014.



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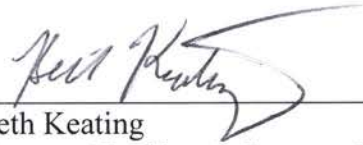
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing filing has been served by Hand Delivery this 4th day of August, 2014, upon the following:

Suzanne Brownless, Esquire
Martha Barrera, Esquire
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Patricia A. Christensen, Esquire
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison St., Rm 812
Tallahassee, FL 32399-1400

By: _____



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1 attachment to OPC Interrogatory No. 12, the Company provided details on the goals in
2 place for the IPP, including the various goals and targets, for 2012 through 2014.

3

4 **Q. WHAT ARE THE GOALS AND PERFORMANCE MEASURES IN THE IPP?**

5 A. Based on the confidential attachments provided in response to OPC Interrogatory No. 12
6 and OPC POD No. 14, *****BEGIN CONFIDENTIAL***** [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

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14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

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Q. COULD YOU PLEASE DISCUSS SOME OF THE GOALS IDENTIFIED IN THE TABLE ABOVE?

A. [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
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[Redacted]
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1 [REDACTED]
2 [REDACTED]
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6 [REDACTED]
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8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
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12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED] *****END CONFIDENTIAL*****

19
20 **Q. DO YOU HAVE A BREAKDOWN OF THE TOTAL PROJECTED TEST YEAR**
21 **INCENTIVE PERFORMANCE PLAN COSTS BETWEEN EACH OF THE IPP**
22 **GOALS?**

23 A. No, I do not. While the Company provided total projected test year IPP expense of
24 \$407,095 in response to OPC Interrogatory No. 13, it did not provide the breakdown of

1 that amount by goal category. Since the weighting of various goals varies by employee
2 level, I am unable to provide a breakdown of the \$407,095 by each of the IPP goals.

3

4 **Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THE IPP EXPENSE**
5 **INCLUDED IN THE TEST YEAR?**

6 A. Yes. As shown on Exhibit DMR-3, Schedule C-5, I recommend that 45% of IPP expense
7 be funded by shareholders instead of FPUC's electric ratepayers. This reduces test year
8 expenses by \$183,193. After the adjustment, rates would still include \$223,902 for IPP
9 costs to be funded by ratepayers, which exceeds the full expense level for the year ended
10 September 30, 2012 of \$211,562.

11

12 **Q. HOW WAS YOUR RECOMMENDED SHAREHOLDER FUNDING LEVEL OF**
13 **45% DETERMINED?**

14 A. Based on the table provided in the confidential section of this testimony, *****BEGIN**
15 **CONFIDENTIAL***** [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] ***END

CONFIDENTIAL*** Thus, I recommend that 45% of the costs be funded by shareholders.

Update Pension Expense to Current Projections

Q. HOW DID THE COMPANY ESTIMATE THE PROJECTED TEST YEAR PENSION EXPENSE INCORPORATED INTO THE FILING?

A. The direct testimony of Cheryl Martin, at page 40, indicates that the projected test year pension expense totals \$280,218 and the amount was projected by the CUC corporate office. According to the direct Testimony of Matthew Kim, at pages 19 through 21, the Company decided to base the projected cost on an average of historic costs due to the volatility in the past discount rate assumptions and the difficulty in projecting future discount rate assumptions. Based on a review of the Company's workpapers, the Company determined the average pension expense using the years 2010 through 2013. This resulted in a four-year average pension expense of \$6,235 on an FPUC electric operations basis. This amount was increased by \$273,983 associated with the electric operations portion of a pension regulatory asset that resulted from the 2009 merger with CUC.