

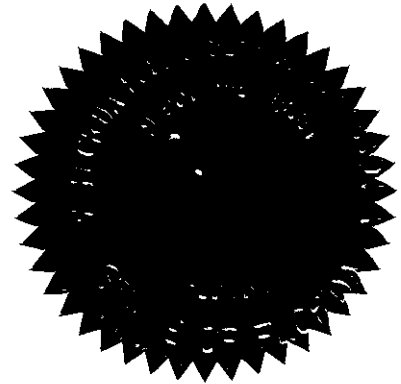
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080561-GP

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In the Matter of:

PETITION FOR APPROVAL OF NATURAL
GAS TRANSMISSION PIPELINE TARIFF
BY SEACOAST GAS TRANSMISSION, LLC.



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 8

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, October 28, 2008

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

1 PARTICIPATING:

2 ANSLEY WATSON, JR., ESQUIRE, representing SeaCoast
3 Gas Transmission, LLC.

4 WRAYE GRIMARD, representing SeaCoast Gas
5 Transmission, LLC.

6 MARTHA CARTER BROWN, ESQUIRE, and ELIZABETH DRAPER,
7 representing the Commission Staff.

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P R O C E E D I N G S

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2 **CHAIRMAN CARTER:** With that, Commissioners, we
3 are now on Item 8.

4 Staff, you're recognized.

5 **MS. DRAPER:** Commissioners, on behalf of staff,
6 Elizabeth Draper.

7 **CHAIRMAN CARTER:** Is your mike on?

8 **MS. DRAPER:** Yes.

9 Item 8 is a petition for approval of natural gas
10 transmission pipeline tariff by Seacoast Gas Transmission.
11 Staff is here to answer your questions, and so is the
12 company.

13 **CHAIRMAN CARTER:** Commissioner Skop, you're
14 recognized.

15 **COMMISSIONER SKOP:** Thank you, Mr. Chairman.

16 I guess I just had two brief questions. This
17 seemed pretty straightforward, but with respect to, on
18 Page 2 of the discussion, it talks about the Pipeline
19 Siting Act for intrastate gas transmission pipelines, and
20 pursuant to the statutory references, and then it talks in
21 the staff recommendation on Issue 1 and Issue -- or
22 specifically in Issue 1 about proposing the tariff. And
23 at the end of the recommendation for Issue 1, on Page 5, I
24 believe, it speaks to -- I need to find the reference
25 here. It speaks to the fact that Seacoast will comply

1 with the Pipeline Siting Act when the proposed pipelines
2 fall within its requirements.

3 I guess, and this is a dumb question, we have
4 been traveling a lot, so I didn't really get to ask staff
5 ahead of time. But is that, in effect, putting the cart
6 before the horse, to the extent that typically when we do
7 something we grant a determination of need first before we
8 get into tariffs? I'm just struggling to understand where
9 the Pipeline Siting Act will come into play here.

10 **MS. BROWN:** Well, I think it would come into
11 play when a project is designed and developed. Having the
12 tariff in effect isn't going to -- I don't think it puts
13 the cart before the horse. It allows them to develop
14 their projects going forward consistent with what the
15 Commission has approved. My understanding is there is a
16 project in the works for Seacoast that would be exempt
17 from the Transmission Line Siting Act.

18 **COMMISSIONER SKOP:** Okay. And that's why I said
19 the initial would probably fall under the exemption to the
20 siting act, and that would predicate the moving forward
21 with the tariff, and at such time if there were something
22 that fell outside of that exemption then they would seek
23 the determination of need through the Commission and also
24 through the DEP.

25 **MS. BROWN:** Yes, that's how I think it would go.

1 **COMMISSIONER SKOP:** Thank you for that
2 clarification. Just one other final question. On Page 5,
3 when it speaks to lending service. And, again, you know,
4 I have some understanding of what's being said, but when
5 it allows a shipper to receive gas from Seacoast, and
6 subsequently return the gas to Seacoast if it's not used,
7 I guess I got a little disconnect there, and maybe
8 Seacoast can explain that, where the shipper actually owns
9 the legal title to the gas. So the statement there --
10 and, again, this is just maybe semantics, but the shipper
11 to receive gas from Seacoast. Seacoast isn't really
12 providing the gas, it's just providing the transport
13 services. So if somebody could just clarify that one
14 point I would appreciate it.

15 **MS. GRIMARD:** Hi. I'm Wraye Grimard, Manager of
16 Regulatory for Seacoast Pipeline.

17 To answer your question, Commissioner, the
18 pipeline contemplated right now is a large diameter
19 approximately 20-mile pipeline that is going to be located
20 wholly within Clay County. One of the services we are
21 planning to offer is called a parking and/or lending
22 service where because we have such high line pack, high
23 pressure and line pack, there may be days when a customer
24 for economic reasons may want to park his gas or just
25 leave his gas on our system for a day or two. We would

1 charge them a fee for that. And then a few days later he
2 would go ahead and take that gas off when he actually
3 needs it.

4 As far as a lending service is concerned, when
5 conditions on the pipeline dictate, we may have operating
6 pressure that may be reaching its maximum, and so we may
7 offer up to a customer who could burn the extra gas to
8 take gas off, and that's called lending. And at that
9 point, a couple of days later, the customer would then
10 replace that gas he has taken off the system or that we
11 have loaned to him.

12 **COMMISSIONER SKOP:** Okay. And I think that is
13 just my confusion. Because with respect to the lending
14 service, again, if Seacoast is actually providing the
15 physical commodity, according to the staff recommendation
16 it didn't have legal title to in terms of the gas in the
17 pipeline and they are recovering it back, I mean, how can
18 Seacoast do that if it doesn't have legal title to the
19 natural gas?

20 **MS. GRIMARD:** Oh. The answer is that the gas
21 itself, the supply itself will always stay under the
22 customer's title. Seacoast will never take title to the
23 gas, we will only store the gas for the customer.

24 **COMMISSIONER SKOP:** Okay, thank you.

25 And, Mr. Chairman, if there is no further

1 questions, I would move staff recommendation on Issues
2 1 and 2.

3 **CHAIRMAN CARTER:** Commissioners, any further
4 questions?

5 **COMMISSIONER EDGAR:** Second.

6 **CHAIRMAN CARTER:** It has been moved and properly
7 seconded. Any further discussion? Any debate?

8 Hearing none, all those in favor let it be known
9 by the sign of aye.

10 (Simultaneous aye.)

11 **CHAIRMAN CARTER:** All those opposed, like sign?
12 Show it done.

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

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5 I, JANE FAUROT, RPR, Chief, Hearing Reporter Services
6 Section, FPSC Division of Commission Clerk, do hereby certify
7 that the foregoing proceeding was heard at the time and place
8 herein stated.

9 IT IS FURTHER CERTIFIED that I stenographically
10 reported the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript constitutes a true transcription of my notes of said
13 proceedings.

14 I FURTHER CERTIFY that I am not a relative, employee,
15 attorney or counsel of any of the parties, nor am I a relative
16 or employee of any of the parties' attorney or counsel
17 connected with the action, nor am I financially interested in
18 the action.

19 DATED THIS 10th day of November, 2008.

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