



(850) 521-1706  
bkeating@gunster.com

February 16, 2018

**BY E-PORTAL**

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

**Re: DOCKET NO. 20170179-GU - Petition for rate increase and approval of depreciation study by Florida City Gas.**

Dear Ms. Stauffer:

Attached, for electronic filing, please find the testimony and exhibits of Florida City Gas' rebuttal witness Gregory Becker. (Document 8 of 10)

Sincerely,

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

**ATTACHMENTS**

cc:// Office of Public Counsel  
FEA

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Before the Florida Public Service Commission

Docket No. 20170179-GU: Petition for rate increase by Florida City Gas.

Prepared Rebuttal Testimony of Gregory Becker

Date of Filing: February 16, 2018

Q. Please state your name, business address, and occupation.

A. My name is Gregory Becker. My business address is Ten Peachtree Place, Atlanta, Georgia 30309. I am employed by Southern Company Gas as Director of Capacity Planning.

Q. Have you previously filed testimony in this proceeding?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to address the testimony of Office of Public Counsel (OPC) Witness David Dismukes in which he, among other things, misunderstands the operation of the Florida City Gas (FCG) distribution system and consequently incorrectly characterizes the available capacity and the potential alternatives to the additive capacity options put forward by FCG.

Q. Are you sponsoring any rebuttal exhibits?

A. Yes. I am sponsoring six exhibits. Exhibits GB-4 – FCG System Map; Exhibit GB – 5 – FCG System + FGT; Exhibit GB – 6 – FCG System + Interstate Pipelines; Exhibit GB – 7 – January 2018 Capacity Releases;

1 Exhibit GB – 8 – Index of Customers; Exhibit GB-9 – Operational Capacity  
2 by Delivery Meter and Exhibit GB – 10 – Curtailment Examples. The  
3 information contained in the schedules is true and correct to the best of  
4 my knowledge and belief.

5

6 Q. Can you please provide an overview of your concerns with Witness  
7 Dismukes's testimony?

8 A. Yes. Overall, the fundamental flaws in his testimony are threefold. First,  
9 he fails to recognize that there are no traffic cops sitting at each meter. In  
10 other words, when there is gas entering into FCG's distribution system,  
11 there is no means of directing it to a particular customer any more than  
12 there is a way of preventing it from reaching any particular customer. The  
13 only alternative available is to physically visit the unintended recipient and  
14 manually close the valve at their gas meter prior to them taking gas.  
15 Second, he seems to believe that gas delivered to one part of FCG's  
16 distribution system, in Palm Bay for example, can be delivered to another  
17 part of FCG's system, in Miami. As I explain in more detail later and as  
18 shown in Exhibit GB-4 – FCG System Map, FCG's distribution system is  
19 not wholly interconnected in a meaningful way. Physical delivery of gas  
20 supply by Florida Gas Transmission (FGT) in one part of the system  
21 cannot be used in another area of the system. Moreover, FGT, the  
22 interstate pipeline making that physical delivery is capacity constrained,  
23 particularly farther south on the pipeline. Third, as will be discussed by  
24 Witness Bermudez in her rebuttal testimony, Dr. Dismukes fails to  
25 recognize that every customer of FCG, whether a sales customer, an

1 essential use transportation customer, or a non-essential use  
2 transportation customer is still a firm delivery customer of FCG and  
3 entitled to reliable service. For FCG, the customer is at the center of all  
4 we do and for purposes of ensuring safe and reliable service, all  
5 customers are treated equally.

6

7 **I. There Are No Traffic Cops at the Meters**

8

9 Q. What do you mean that there are no traffic cops at the meters and why is  
10 this important?

11 A. I can explain that but it is important to first understand what “capacity” is.  
12 Capacity is a general term and it can refer to any number of things in the  
13 natural gas industry. As I describe it in my testimony here I am only  
14 referring to the capacity in or on an interstate pipeline such as FFGT.  
15 Capacity is simply space inside that physical pipeline that a shipper (i.e. a  
16 FGT customer) like Florida City Gas can subscribe to and move natural  
17 gas from one point to another point with certainty. Think of it as a single  
18 lane on a 4 lane southbound highway.

19

20 That simple highway example conveys a lot of information. First, in order  
21 for the capacity to be useful, it needs to move gas where it is needed – the  
22 highway needs to lead you to where you need to go. FCG subscribes to  
23 Firm Transportation capacity on FGT to get gas where we need it to go.  
24 Exhibit GB – 5 – FCG System + FGT shows all the points where FGT’s  
25 capacity can deliver gas to our system. The blue dots on the map are

1           where FCG needs the gas to show up to supply gas into its distribution  
2           system to meet the needs of all our customers.

3  
4           It is important to have this general understanding because natural gas is  
5           not “intelligent.” It cannot be taught or told where to go. As I described in  
6           my direct testimony on Page 4 beginning on line 17, it flows based on  
7           pressure. On a design-day, or any day for that matter, there is no  
8           practical means of keeping any one particular customer, whether they are  
9           essential use, non-essential use, or sales, from taking gas off FCG’s  
10          distribution system short of shutting them off at their meter. Another  
11          important point to remember is that, whether we serve them as  
12          transportation essential use, non-essential use, or sales, these are all  
13          current FCG customers and they are all physically connected to the  
14          distribution system. As they consume gas off the distribution system it  
15          lowers the pressure in that immediate area. Added gas will flow into that  
16          area to equalize the pressure. The problem occurs when there is more  
17          gas being consumed by customers than there is being delivered to the  
18          FCG system where it is needed, at the nearest blue dot or delivery point  
19          off of FGT. These blue dots are where our customers need gas to show  
20          up for FCG’s system to operate safely and reliably every day of the year.

21

22    Q.    What parts of Witness Dismukes’s testimony are undermined by his failure  
23          to understand that there is no quickly available means of shutting off  
24          supply, i.e., that there are no traffic cops at the meters?

1 A. In general, his conclusions are unsound anywhere he suggests that in the  
2 event of a gas shortage on a design day, or any day, delivery to some  
3 transportation customers, whether essential use or non-essential use,  
4 could simply be cut-off. Specific examples include:

- 5 • Dismukes 19:5-12 regarding FGT pipeline customers lacking firm  
6 transmission rights impacting the company's retail sales customer's  
7 service quality.
- 8 • Dismukes 20:10-21:2 regarding scheduling priority in conditions  
9 where the pipeline does not have sufficient capabilities to satisfy all  
10 requested nominations;
- 11 • Dismukes 23:14-24:3 regarding curtailment of delivery by FGT;
- 12 • Dismukes 28:1-22 regarding capacity deficiency and backup  
13 capacity;
- 14 • Dismukes 34:13-35:4 regarding capacity for system requirements;  
15 and
- 16 • Dismukes 35:5-18 regarding procuring additional capacity.

17 In each case Witness Dismukes fails to address the fact that a customer  
18 can still consume gas off of the FCG distribution system even if a Marketer  
19 or third party supplier fails to deliver gas to the Company's system.

20

21 Q. Witness Dismukes says it is not possible for FGT pipeline customers  
22 lacking firm transmission rights to impact the Company's retail sales  
23 customer's service quality.<sup>1</sup> Do you agree?

---

<sup>1</sup> Direct Testimony of David Dismuke, 19:5-12.

1 A. No. His understanding, as explained above, misses the point that short of  
2 physically visiting each transportation customer, FCG cannot prevent them  
3 from taking delivery of gas off of FCG's distribution system during any  
4 given day including a design day. Consequently, without a demonstration  
5 of adequate firm transportation capacity to meet the needs of a large  
6 percentage of transportation customers' gas supply requirements on a  
7 design day, FCG would not be able to supply all of its firm retail sales  
8 customers. As explained more fully by Witness Bermudez, this capacity  
9 shortfall would have serious safety, reliability, and economic  
10 consequences.

11

12 Q. Does Witness Dismukes's Exhibit DED-4 provide any further indication of  
13 Witness Dismukes misunderstanding of how FGT delivers and, if  
14 necessary, curtails gas delivery?

15 A. Yes. There are two significant errors in Witness Dismukes's Exhibit DED-  
16 4. First, he fails to recognize that FCG's contractual delivery rights are  
17 much lower than the design and operating capacity. Second, he does not  
18 realize that FCG will be directed by FGT to stay within its contracted firm  
19 transportation delivery entitlements at each of these points or be subject  
20 to amounts of flowing gas supply being cut by FGT at the delivery point  
21 (i.e., the "blue dot"). That means that FCG would be in violation of an  
22 operational flow order (OFO) if it took more than it should have taken off of  
23 the interstate pipeline and may be subject to penalty charges and flow  
24 curtailments.

25

1 This simply means that FCG has much less capacity available at the  
2 delivery points than Witness Dismukes shares in his testimony and his  
3 Exhibit DED - 4. The meter may be able to flow more gas but that does  
4 not mean that the interstate pipeline has the ability to flow that amount as  
5 a firm delivery to a customer. FGT is fully subscribed. Any attempt to  
6 exceed our contracted limits could result in FGT taking steps to safeguard  
7 their system's operations and the loss of service to any one or more  
8 delivery points off of the interstate pipeline. While we are sometimes  
9 allowed to exceed our contracted amount, we simply cannot plan to be  
10 allowed to do so on a design day when we should expect all other FGT  
11 shippers to be delivering amounts near their full contractual entitlements,  
12 as would almost surely happen on a such a cold day.

13

14 Q. Witness Dismukes suggests that under the FGT scheduling and  
15 nomination process that in situations in which the pipeline does not have  
16 sufficient capabilities to satisfy all requested nominations, priority is given  
17 to firm transportation customers before "interruptible" transportation  
18 service customers.<sup>2</sup> Is this correct?

19 A. Yes, but priority is not the same as service. Similar to the problem  
20 identified above, in the event of a pending shortfall of available capacity on  
21 the interstate pipeline, priority has no bearing on how an FCG customer  
22 will take gas delivery from the Company's distribution system on a day.  
23 The only means of giving certainty to the "priority" in the physical operation  
24 of the distribution system is for FCG to proactively visit each customer's

---

<sup>2</sup> Direct Testimony of David Dismukes, 20:10-21:2.



1 premise and turn off their gas flow at their meter's valve. The priority of  
2 service on an interstate pipeline simply does not translate to the physical  
3 operations of a gas utility's operations or our customer's behaviors;  
4 therefore, it does not mitigate our capacity concerns, as Witness  
5 Dismukes seems to suggest. If Marketers do not hold firm transport rights  
6 on the FGT pipeline, they will not have access to the capacity their  
7 customers need. This significant shortfall would put FCG's pipeline  
8 system and all customers at risk.

9

10 Q. Witness Dismukes suggests that FCG has not provided examples of  
11 curtailments to third party suppliers or marketers and suggests that FCG's  
12 capacity needs are overstated.<sup>3</sup>

13 A. FCG has provided examples of curtailment or cuts to flowing gas on FGT.  
14 It was included in our response to OPC's Interrogatory 9-184 that I  
15 prepared. It is included here again for convenience as Exhibit GB – 10 –  
16 Curtailment Examples .

17

18 Q. Who requires that there be curtailment plan?

19 A. The Federal Energy Regulatory Commission (FERC) requires that FGT  
20 has a curtailment plan for all its shippers. FCG is a shipper on the  
21 interstate pipeline. As a prudent system operator FCG develops  
22 curtailment plans for the safe and reliable operation of its system. I am  
23 aware of curtailment plans for FCG but I am not responsible for  
24 developing, maintaining or executing them.

---

<sup>3</sup> Direct Testimony of David Dismukes, 21:4-5.

1

2

3 Q. Witness Dismukes says FCG has not provided any examples of any  
4 curtailments to marketers from 2007 to 2016.<sup>4</sup> Is this significant?

5 A. No, for two reasons. First, there have been examples of gas cuts or  
6 curtailments of gas supply across FGT provided in my Exhibit GB – 10,  
7 which was also provided in response to recent discovery requests. The  
8 second important distinction is that a design day has not occurred since  
9 2007. The method that FCG uses to calculate its design day requirements  
10 and the temperature criteria that are used to establish the amount of  
11 natural gas our customers may use on a design day were discussed in my  
12 direct testimony on Page 6: 1-25 continuing on Page 7: 1-2. There has  
13 been no design day level temperature since December 24, 1998, but this  
14 does not mean that FCG is not responsible for planning for design days.  
15 FCG experienced a significant cold weather event on January 4, 2018.  
16 On that day the system total load for all customers was around 60,000 Dth  
17 compared to a design day capacity of 68,955 Dth FCG currently holds,  
18 and the area temperatures were 44 degrees in Brevard and Vero Beach  
19 and 53 in Miami. While, that is much warmer than the 28, 31 and 36  
20 degree design day planning criteria for these areas, this was still quite cold  
21 for the area and thus the demand for natural gas was quite significant that  
22 day.

---

<sup>4</sup> Direct Testimony of David Dismukes, 21:3-7.

1 It is also important to note that there are many more customers on the  
2 system today than at any point in the past. The impact of a curtailment  
3 outage would be much greater as a result.

4

5 Q. Is FCG's curtailment plan sufficient to effectuate the prioritization  
6 suggested by Witness Dismukes?

7 A. FCG's curtailment plan, is sufficient for the way FCG's system is designed  
8 and is currently operated ,but it isn't sufficient to accomplish the  
9 "prioritizing" suggested by Witness Dismukes because the FCG's plan  
10 approaches a curtailment event proactively. The position taken by  
11 Witness Dismukes would have FCG be more reactionary. We cannot do  
12 that nor would the Commission want us to do that. FCG could not wait to  
13 see if there is enough gas supply to go around on a very cold day; a day  
14 colder than January 4<sup>th</sup> of 2018 or even a design day and then go out to  
15 visit countless numbers of customers to valve off their ability to take  
16 natural gas. An effective curtailment plan would be acted on in advance of  
17 the lack of ability to serve. That means the Company will be forced to  
18 make the decision of who receives gas on a very cold day and who does  
19 not. Witness Bermudez speaks more to the aspects of this critical  
20 decision.

21

22 Q. Based on your review of the testimony filed by Witness Dismukes, do you  
23 believe he understands your curtailment plan or what it means to curtail a  
24 customer?

1 A. No. I do not believe he has worked with a natural gas distribution company  
2 nor is he familiar with our curtailment plans or their purpose. It does not  
3 appear that he fully understands what is involved in exercising a  
4 curtailment. FCG has a plan for curtailing service in an area during a cold  
5 weather event and reviews them at the start of each heating season.  
6 Generally, what will happen when the Company knows it will not be able  
7 to serve all its customers' needs, it will approach the curtailment in a way  
8 that minimizes impact to the greatest number of customers possible. FCG  
9 will have to visit each affected service address at least 2 times. First the  
10 Company will visit the premise to turn off gas service at the location and if  
11 possible secure any interior gas appliances. Once gas service can be  
12 restored after the cold weather event has passed the company will have to  
13 return to the affected service addresses to restore service. On this visit  
14 they must gain access to the premise to make sure gas service can be  
15 restored safely. It may take several visits to the location to restore service  
16 if the owner or occupant is not home for any reason. It can be a very time-  
17 consuming process to curtail customers in this manner.  
18 By way of contrast, restoring power after an outage is generally less  
19 complicated from the customer's perspective. In most cases the  
20 restoration of service happens by correcting some issue that is located  
21 somewhere other than the actual affected premise. Once power is  
22 restored, the customer's service is back on too. It is rare that a power  
23 company would have to enter the premise as a part of restoring service.

24

1 Q. What is the significance of Witness Dismukes's statement that, as part of  
2 FCG's curtailment plan, FCG would endeavor to provide adequate notice  
3 of any curtailments impacting a medical use and that "[p]resumably, this  
4 would include hospitals"?<sup>5</sup>

5 A. I don't know. It seems inconceivable to leave hospitals without natural gas  
6 service when they have been identified as an entity with a very high  
7 priority of service, but that is what he appears to suggest. In any event,  
8 FCG's essential use customers also include schools, water treatment  
9 facilities, and nursing homes. FCG does not desire to leave any of our  
10 customers without gas on a cold winter day or especially a design day. We  
11 are particularly concerned about leaving any of these essential use  
12 customers without gas, even if Witness Dismukes is correct that some  
13 facilities may receive advance notice of curtailment.

14

15 Q. Do you agree with Witness Dismukes's statement that FCG is currently  
16 able to meet its design day load analysis in the Miami Dade region,  
17 including essential use customers<sup>6</sup>?

18 A. I only agree with that statement in as much as the utility would have to  
19 curtail 8,545 Dth of customer load to allow that to happen. My Exhibit GB-  
20 3 filed with my direct testimony shows an available level of gas supply  
21 being 31,065 Dth for the Miami area today. The projected design day load  
22 of 39,610 Dth is made up of 12,583 Dth for our Sales customers, an  
23 additional 17,121 Dth of design day load for Essential Use Transportation

---

<sup>5</sup> Direct Testimony of David Dismukes, 24:8-10

<sup>6</sup> Direct Testimony of David Dismukes, 26:8-12

1 customer load and Transportation load of 9,906 Dth for a total Design Day  
2 load forecast of 39,610 Dth. FCG is short of meeting its projected design  
3 day need in Miami and keeping all customers on the system. If FCG were  
4 to prospectively curtail almost every transportation customer by visiting  
5 their premise and physically closing their valves at their meter to prevent  
6 the delivery of natural gas and nothing else disrupts the available supply  
7 to that area of the FCG system then there could be enough to meet the  
8 Sales and Essential Use Transportation customer loads in that area.

9

10 Q. On pages 30 through 31 of his testimony, Witness Dismukes appears to  
11 suggest that the company's planning is not correct as the design days are  
12 infrequent. Can you please address this?

13 A. It is not clear what he intends with that assessment. FCG must plan for  
14 even the most infrequent occurrence. We are talking about the supply of  
15 natural gas here. We do not have the luxury of being reactionary to  
16 events or shortages. Failure to plan for a design day, even if infrequent,  
17 would be no different than a utility failing to plan for some other infrequent  
18 event. It is like buying car insurance. Just because you do not have an  
19 accident today does not mean it is good idea to not have appropriate  
20 coverage. Eventually you will have a car accident. There is no way to  
21 cover the damages retroactively. In a similar way, FCG takes its  
22 obligation to plan for and to serve all our customers in a safe and reliable  
23 manner very seriously. The Commission expects that of us and so do our  
24 customers.

25

1           **II. FCG's Distribution System is not Wholly Interconnected**  
2                               **and FGT is Constrained**

3  
4 Q.    What did you mean that FCG's system is not wholly interconnected?

5 A.    As shown in Exhibit GB-4 – FCG System, FCG's distribution system in  
6 Florida has multiple parts. Gas is delivered off of the FGT pipeline at the  
7 blue dots or city gates. The pink lines surrounding each of those points is  
8 our distribution system operating between 1 and 60 pounds of pressure  
9 per square inch. You can see that there isn't any connectivity between  
10 Palm Bay and the Vero Beach areas or Port Saint Lucie and the Pioneer  
11 gate. This lack of interconnectedness in the distribution system means  
12 that the company relies on the interstate pipeline, Florida Gas  
13 Transmission, to provide delivery of gas to all points on our system as gas  
14 flows from the north end of the state to the south end on FGT. Exhibit GB-  
15 5 – FCG System + FGT makes that more clear.

16  
17 Q.    Why is this important to understand?

18 A.    It is very important to understand because gas delivered to one regional  
19 area is not available to another area of FCG's distribution system in  
20 Florida without use of the FGT. The Jet Fuel Line in Miami's Homestead  
21 area is an exception. The Company bought and converted an old jet fuel  
22 line to natural gas service some time ago. It is now used to connect up  
23 several distribution gates off of the FGT system and offers some limited  
24 regional connectivity. This infrastructure can be leveraged when we talk

1 about LNG sendout. Other than that exception – gas needs to show up at  
2 the blue dots to move it to any of FCG’s customers.

3

4 Q. You said that FGT’s pipeline is constrained in its delivery capacity. In  
5 which two ways is it so constrained?

6 A. I introduced the highway analogy earlier. Let me expand on that a bit. If  
7 the FGT pipeline is a highway it does just like most highways do when  
8 they come to their end. It funnels down to local state route with just 1 or 2  
9 lanes, FGT’s pipeline does the same thing. The ability of the pipelines to  
10 deliver gas as you approach its southern most end in Miami-Dade also  
11 decreases. FCG’s Miami-Dade area is at the very southern end of the  
12 FGT pipeline. Capacity in this part of the state is the most constrained  
13 and limited. This area of their pipeline arguably has the greatest potential  
14 to be negatively impacted by the actions of shippers that are upstream or  
15 north of FCG in the state.

16

17 When we talk about FGT being fully subscribed that means if it were a  
18 highway then all its lanes are already full of cars. There is no more room  
19 for additional cars. Additionally the highway narrows near the southern  
20 end so fewer and fewer cars will fit on it in the first place. This is important  
21 because it speaks to the limitations of getting incremental capacity for  
22 customers in this area of the state. FGT can only move about another  
23 4,000 Dth/d of incremental FT Capacity through its Compressor Station 21  
24 in the Miami area without under taking system expansions. Based on



1 where the pipeline is and the commercial development around it any  
2 expansion would be extremely expensive to undertake.

3

4 Q. Witness Dismukes dismisses FCG's testimony that third party suppliers  
5 and marketers may not be able to provide service on a design day as  
6 anecdotal.<sup>7</sup> Is this accurate?

7 A. No. FCG has reviewed the pipeline's Informational Postings page which  
8 lists an index of customers. This information is found using this link -  
9 <http://fgttransfer.energytransfer.com/ipost/FGT/index-of-customers>

10

11 The listing shows the shipper's name, how much capacity they subscribe  
12 to and what the firm receipt and delivery points are for the capacity they  
13 hold among other things. This information was downloaded to a  
14 spreadsheet for Rebuttal Exhibit GB- 8 – Index of Customers.xls. An  
15 analysis of this information shows there is only 1 shipper who is a  
16 Marketer serving transportation customer needs on the FCG system as  
17 having any firm capacity in their own name with a firm delivery right to an  
18 FCG delivery point or one of our blue dots. And that shipper only holds  
19 300 Dth/d of capacity against a total forecasted Transportation load of  
20 26,801 Dth/d of Essential use transportation load and an additional 35,292  
21 Dth/d of Transportation load. This clearly illustrates FCG's concern that  
22 Marketers may not in fact be able to deliver the needed gas supply in a  
23 cold weather event like a design day.

---

<sup>7</sup> Direct Testimony of David Dismukes, 18:17-23.

1           This index of customers list is information that is open for the public to  
2           review.

3  
4    Q.    Witness Dismukes discusses Capacity Release and offers an exhibit on it  
5           as well. Can you describe what a Capacity Release is?

6    A.    Yes, I can. A capacity release is a transaction on an interstate pipeline  
7           where one shipper, the contracting shipper, assigns its firm capacity rights  
8           to another shipper. The other shipper is usually referred to as the  
9           replacement shipper. The replacement shipper is bound by all the same  
10          rights and obligations as the contracting shipper. These transactions are  
11          completed on the pipelines Electronic Bulletin Board or EBB so any  
12          market participant can review the activity that is going on.

13

14   Q.    Has Florida City Gas reviewed recent Capacity Release activity?

15   A.    Yes. Florida City Gas has reviewed the capacity releases in the month of  
16          January 2018 because it was a cold month with a couple of very cold days  
17          in it. It is summarized in Exhibit GB - 7 - January 2018 capacity releases.  
18          A review of the information shows that there were no capacity releases to  
19          Marketers or third party suppliers to the FCG system. This leaves FCG to  
20          wonder what capacity is being used to deliver gas supply to the FCG  
21          system when our customers would rely on it the most – a cold winter day  
22          that would be far colder than January 4, 2018.

23

24   Q.    Is the information that the company reviewed consistent with what was  
25          offered by Witness Dismukes and his Exhibit DED-3?

1 A. No it is not. First of all there is no context to the figures in his Exhibit  
2 DED-3. Capacity release total amounts by day summed over an entire  
3 year really is an irrelevant piece of information. The figures shown give no  
4 detail as to where the releases were on the FGT system or what specific  
5 delivery point(s) they were able to reach. If the released capacity isn't  
6 available for delivery at one of FCG's city gates or those blue dots, it is  
7 irrelevant to the conversation. And the shippers with firm capacity are not  
8 likely to release capacity on a cold day – that is why they hold firm  
9 capacity – to use it when it is needed.

10

11 Q. You mentioned a cold day in January, 2018. Was there any evidence that  
12 marketers could not make capacity releases?

13 A. The company downloaded all of the Capacity Release records from FGT's  
14 EBB for the month of January 2018. We selected that month because the  
15 southern part of Florida experienced some cold weather in that time. It  
16 was cold but it was not a design day level of cold. A review of the capacity  
17 release transactions, posted day by day, shows that NO capacity was  
18 released in the open market to a replacement shipper having firm rights to  
19 FCG's delivery points. This information is shared in Rebuttal Exhibit GB –  
20 7 – January 2018 capacity releases.

21

22 This is important because it demonstrates that in one of the coldest  
23 months in several years there was no capacity releases transacted that  
24 resulted in the replacement shipper having firm delivery rights to the FCG  
25 system on FGT. That is consistent with what has been filed in this case.

1 Q. What part of Witness Dismukes's testimony is undermined by his failure to  
2 understand that FCG's system is not interconnected and his failure to  
3 understand the means by which the FGT is constrained?

4 A. In general, his conclusions are unsound anywhere throughout his  
5 testimony where he suggests that additional capacity could be simply  
6 connected to the FGT pipeline or to any one part of the FCG distribution  
7 system to effectuate a delivery to other regions of FCG's distribution  
8 system. This simply is not the case. Specific examples include:  
9 Dismukes 34:2-10 regarding available capacity,  
10 Dismukes 37:12-44:2 regarding pipeline expansions,  
11 Dismukes 45:1-6 regarding additional capacity available,  
12 Dismukes 49:1-3 regarding LNG facilities,  
13 Dismukes 50:18-51:1 regarding Gulfstream,  
14 *especially* Dismukes 52:14-53:4 regarding the rough estimate,  
15 Dismukes 58:15-17 regarding costs of pipeline connections, and  
16 Dismukes 59:18-60:4 regarding cost effectiveness.

17  
18 Q. Witness Dismukes criticizes FCG for making "no attempt to investigate  
19 whether purchases from the Gulfstream system would be economical with  
20 the installation of the needed infrastructure."<sup>8</sup> Do you agree?

21 A. No. It is a false choice. Gulfstream only has November through March  
22 seasonal FT capacity available today. The pipeline's own representative  
23 confirmed that in an email to the Company, which was provided in  
24 response to OPC's Request for Production 3-74. In that email the

---

<sup>8</sup> Direct Testimony of David Dismukes, 59:12-15

1 Gulfstream representative also states that the capacity is only available  
2 year to year. FCG cannot justify building infrastructure to connect to an  
3 interstate pipeline to use available FT capacity one year with no certainty  
4 that it be available to use the next year.

5

6 Q. Witness Dismukes suggests you haven't discussed the potential with  
7 Gulfstream for many years.<sup>9</sup> Do you agree?

8 A. No, I do not agree. My job as the Director of Capacity Planning for FCG  
9 has me talking with capacity providers like Gulfstream and looking for  
10 new, different or better capacity options all the time. Gulfstream is in the  
11 business to sell customers capacity on their pipeline. To say that neither  
12 party reached out to the other, without any basis for the statement, is  
13 simply not true.

14

15 Q. Witness Dismukes disagrees with FCG's statement that such a pipeline  
16 connection to FPL's Martin County Clean Energy Center would be cost-  
17 prohibitive.<sup>10</sup> Based on your understanding of operating a natural gas  
18 utility, do you think it is cost-prohibitive?

19 A. Yes. What Witness Dismukes fails to recognize is that simply connecting  
20 Gulfstream to FGT's pipeline does not provide incremental capacity to  
21 FCG. FCG would have to contract for firm capacity on Gulfstream, which  
22 is only available on a year to year basis, and for added capacity on FGT,  
23 which is capacity constrained and needs expansion projects to move

---

<sup>9</sup> Direct Testimony of David Dismukes, 51:8-9.

<sup>10</sup> Direct Testimony of David Dismukes, 52:14-15.

1 incremental capacity. This pairing up of capacity is often called pancaking  
2 of rates. That means FCG would have to pay the Gulfstream FT tariff rate  
3 of \$21.5837 plus a rate of at least \$19.8278 to FGT (this FGT rate ignores  
4 their need for expansion to create capacity to sell to a shipper). He seems  
5 to be suggesting that subscribing to capacity that would cost no less than  
6 \$41.3665 would be better than the FT option that the Company is  
7 attempting to negotiate with FGT directly. This approach also ignores the  
8 shortcomings described about the Gulfstream capacity.

9

10 Q. Witness Dismukes also states FCG has not demonstrated why the Florida  
11 Southeast Connector (FSC) pipeline could not support additional pipeline  
12 capacity needs in the Company's Brevard County and Vero Beach  
13 regions.<sup>11</sup> Is this possible?

14 A. No. In addition to being more expensive, as stated above, it is also not  
15 possible without pancaking of rates. The FSC capacity would need to be  
16 paired up with complimenting FGT capacity to make the delivery to the  
17 Company's system or FCG would have to build out redundant  
18 infrastructure to make the capacity at points on the FCG system. It is the  
19 same as the Gulfstream option I just discussed. This would be an  
20 expensive option for consumers.

21

22 Q. Witness Dismukes criticizes FCG for locating the LNG Facility in the  
23 Miami-Dade region because FCG possesses enough capacity to serve its

---

<sup>11</sup> Direct Testimony of David Dismukes, 52:21-53:2.

1 design day load in the Miami-Dade region,<sup>12</sup> but concedes the potential  
2 need for additional capacity further north.<sup>13</sup> Does the location of the LNG  
3 Facility provide capacity to both regions?

4 A. Yes. I already discussed how the Jet Fuel line is beneficial in physically  
5 connecting a few key delivery points together in south Florida. By adding  
6 gas supply on the FCG distribution system from an LNG facility in the  
7 Miami-Dade area, specifically tied to the Jet Fuel Line, it creates an  
8 opportunity for displacement. Displacement simply means that gas supply  
9 or capacity on the FGT system that would ordinarily be used in Miami can  
10 be used in other areas of the system because the LNG supply will serve  
11 some of the local need in the Miami area. LNG can supply 10,000 Dth/d  
12 of gas supply which displaces 10,000 Dth/d of pipeline capacity to other  
13 areas to the North which are served by FGT. This reinforces that fact that  
14 it is critical to have pipeline capacity that can deliver to blue dots.

15

16 Q. Witness Dismuke states that his analysis of average scheduled delivery  
17 quantities at each delivery location on the Company's system compared to  
18 operating capacity of the location shows "that there exists significant  
19 operationally available capacity on the system."<sup>14</sup> What is your opinion of  
20 this statement?

21 A. This statement again shows Witness Dismukes's lack of understanding of  
22 gas operations. Meters or the delivery points off of FGT are designed and  
23 built to have a physical capability to move an amount of natural gas. This

---

<sup>12</sup> Direct Testimony of David Dismukes, 36:6-13

<sup>13</sup> Direct Testimony of David Dismukes, 29:18-22

<sup>14</sup> Direct Testimony of David Dismukes, 34:6-7.

1 ability to move an amount of natural gas is not relevant to anything other  
2 than that. It is a physical limit of how much gas can flow through that  
3 meter station and be accurately measured. FGT does not have  
4 incremental capacity to sell for delivery to these meters without some type  
5 of expansion project. This available meter station capacity is only relevant  
6 to moving added volumes through the meters. The pipeline will not sell  
7 more capacity to be delivered at a point than that point can safely and  
8 accurately measure. That is what Exhibit GB-9 shows.

9

10 Q. Do you agree that “the Company’s analysis also shows that it is possible  
11 service from other pipeline systems may be less expensive than  
12 acquisition of incremental capacity on the FGT system?”<sup>15</sup>

13 A. No. You need to factor in the cost of getting that incremental capacity  
14 from the other pipeline to a meaningful number of FCG’s current delivery  
15 points. That means building redundant pipeline infrastructure to parallel  
16 FGT and get the added capacity delivered close to our existing blue dots  
17 or meter stations. Or it means that FCG needs to pancake rates and pay  
18 for service on two or three interstate pipes to get incremental capacity.  
19 Contracting directly with FGT and developing the LNG project are the  
20 better economical options for all our customers.

21

22 Q. Is Witness Dismukes correct that the LNG facility will be used as a  
23 peaking supply resource?

---

<sup>15</sup> Direct Testimony of David Dismukes, 60:2-4.



1 A. The Company would plan to use the LNG facility as a peaking supply for  
2 cold days. Once it is built and operational it can be used as a gas supply  
3 resource any time that system operations could benefit from its use,  
4 including non-weather-related, unexpected outages.

5

6 Q. To the extent the LNG facility will be used as a peaking supply resource, is  
7 it correct that FCG would have other capacity available to it on design  
8 day?

9 A. Yes. The LNG facility will create added gas supply capability for the  
10 system. Therefore, FCG would have more gas supply capability on a  
11 design day.

12

13 Q. Overall, Witness Dismukes suggests that FCG didn't do a thorough  
14 evaluation before selecting two options for meeting its capacity needs.  
15 Please describe the steps you took and the factors you considered in  
16 arriving at the proposed plan to obtain additional incremental capacity  
17 from FGT and constructing an LNG facility.

18 A. The Company needs incremental capacity to delivery gas supply at the  
19 blue dots or FCG's delivery points. Our design day analysis has shown  
20 this for the past several years. Since 2015, the Company has evaluated  
21 Capacity options on Sabal Trail, Southeast Connection, Gulfstream, FGT  
22 and purchasing or building an LNG facility. Sabal Trail and Southeast  
23 Connection were eliminated because they do not provide incremental  
24 service to the FCG system without redundant infrastructure build out or  
25 contracting for pancaked capacity on FGT to get it where the capacity

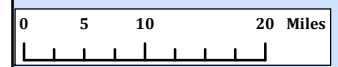
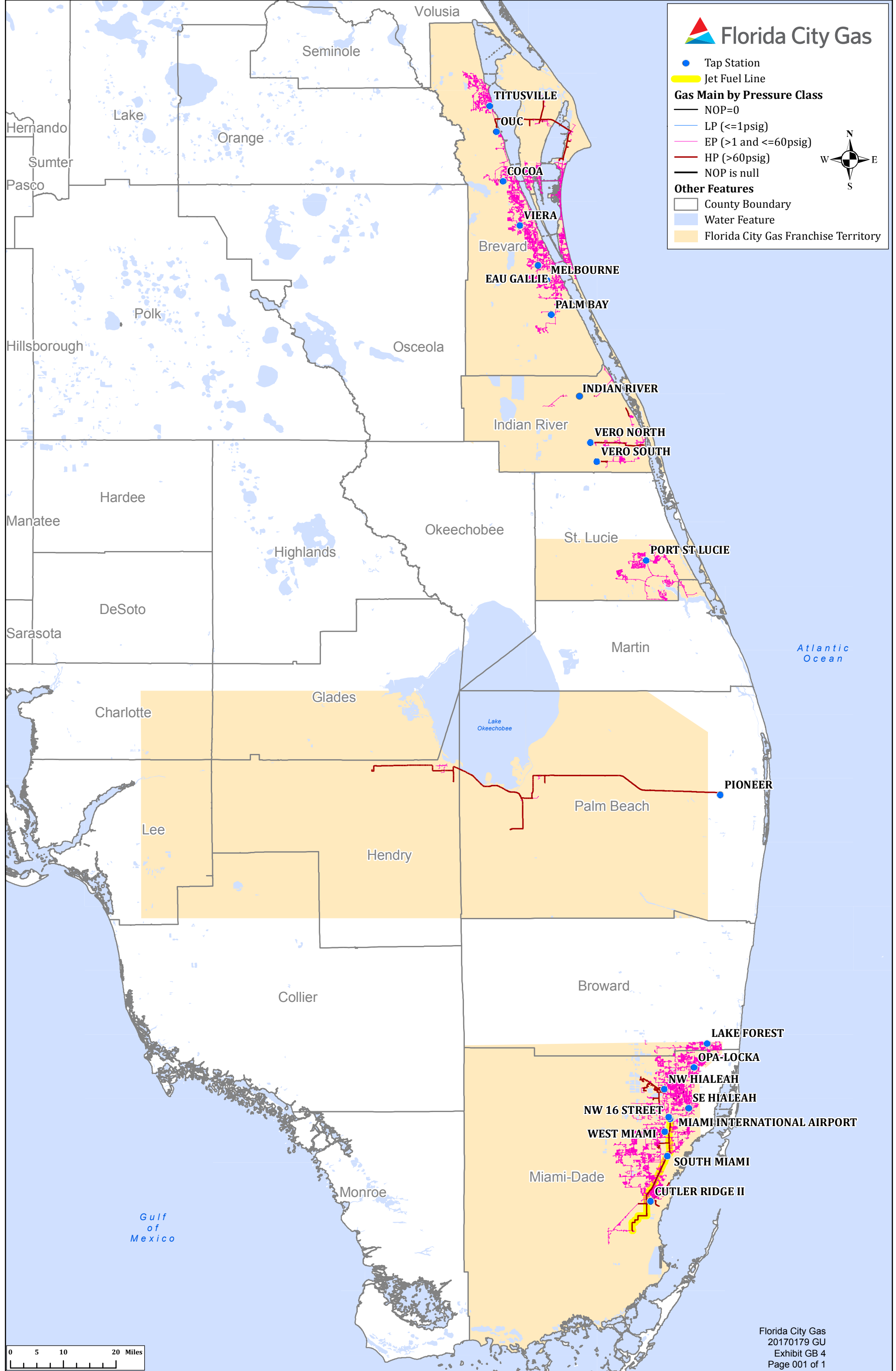
1 delivered where it is needed. Gulfstream was evaluated and eliminated  
2 because it also does not provide incremental service directly to FCGs  
3 system without redundant infrastructure build out or contracting for  
4 pancaked capacity on FGT. Further, Gulfstream only has winter capacity  
5 available that it is only able to contract or sell to a shipper on a year to  
6 year basis. FCG would not invest in infrastructure to move capacity to its  
7 system if it wasn't sure to have it for many years into the future. FGT  
8 directly connects to the FCG system at those points on the map. The  
9 unique synergy of dealing with an interstate pipeline that is currently  
10 providing capacity is easy to further leverage. That is why FCG been  
11 trying to secure incremental capacity on FGT rather than plan and  
12 construct redundant facilities to make use of an additional interstate  
13 pipelines.

14

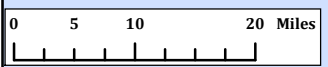
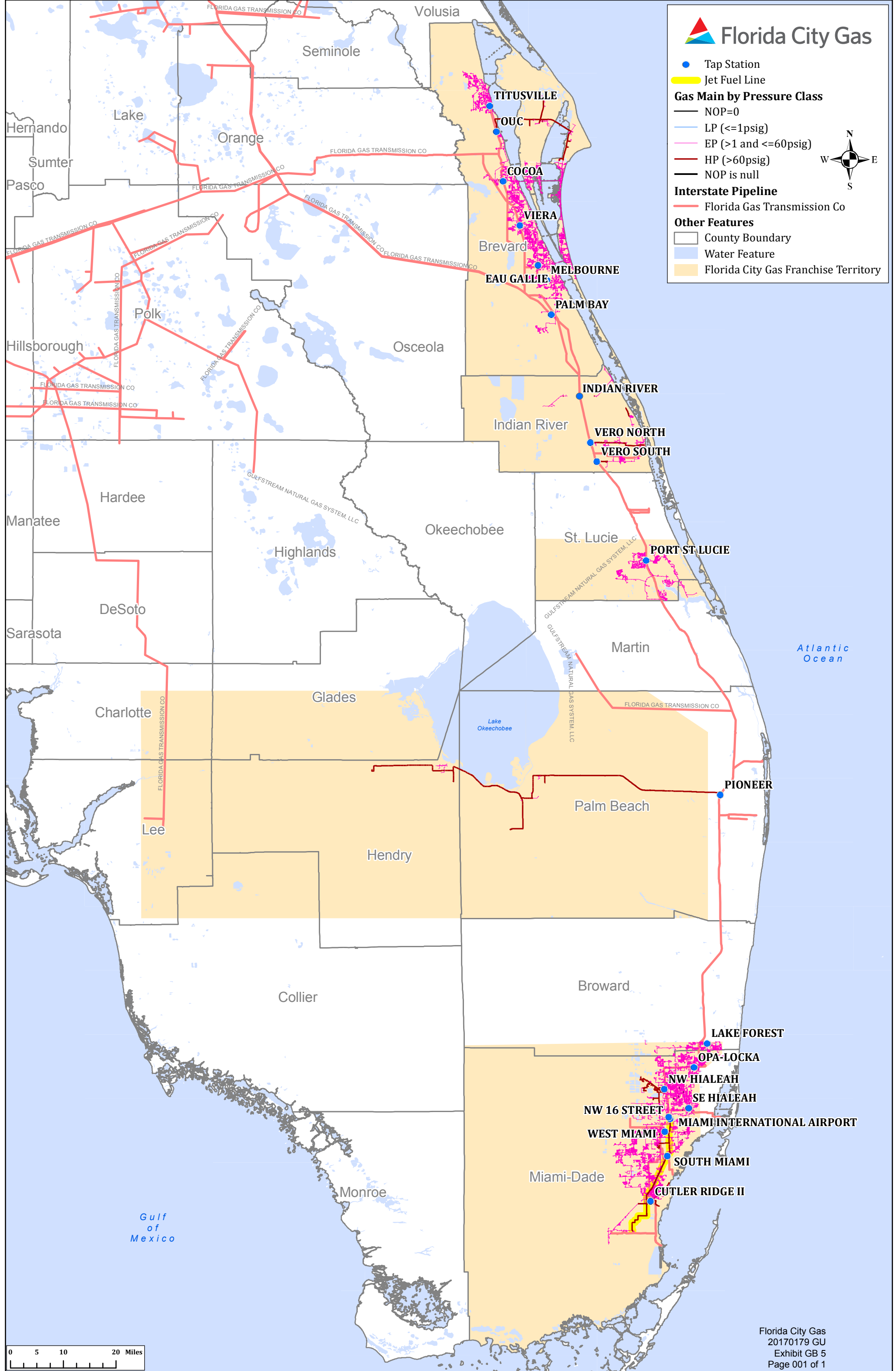
15 Q. Does this conclude your testimony?

16 A. Yes.

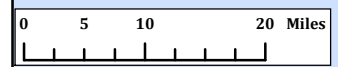
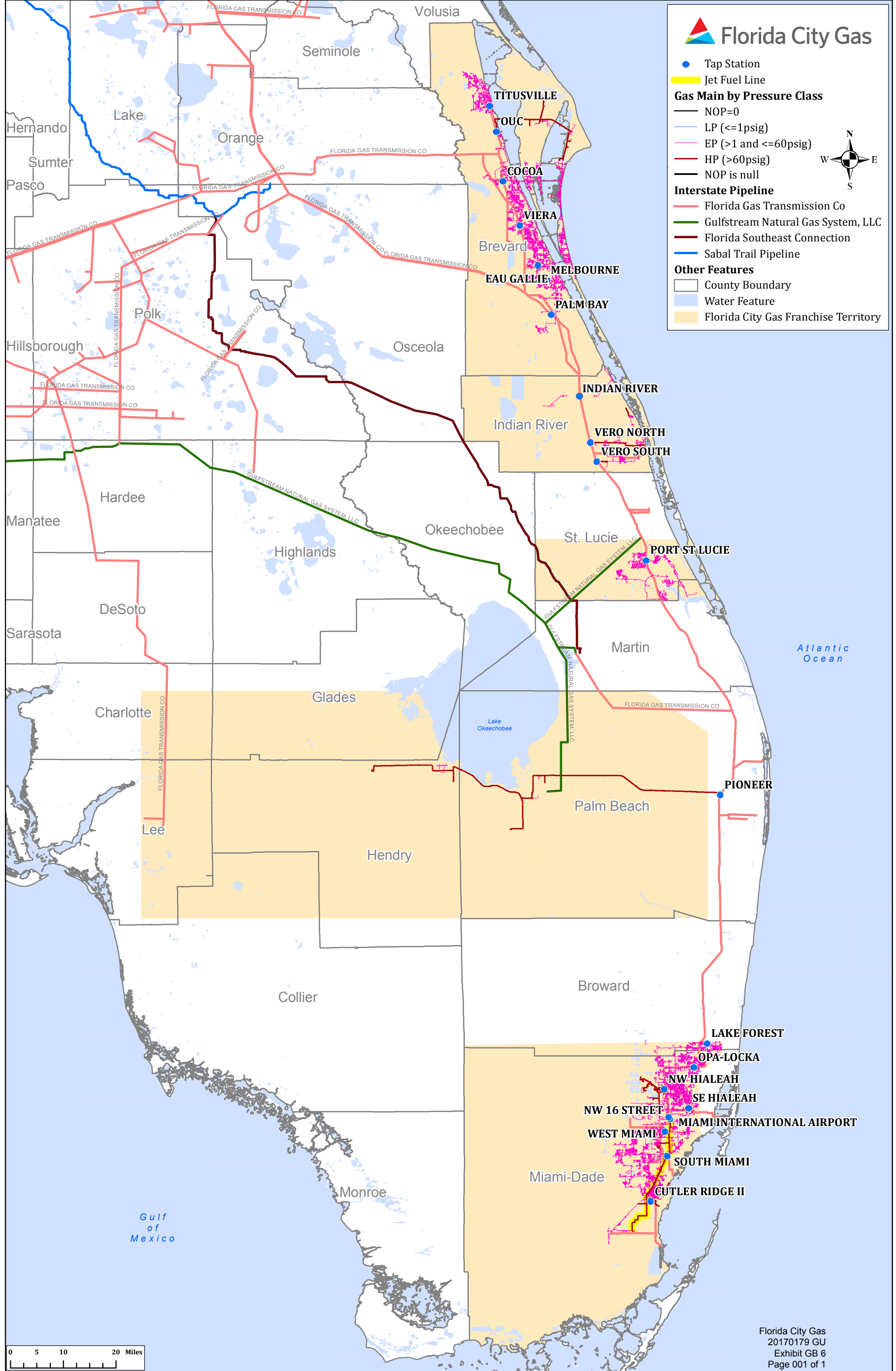
- Tap Station
- Jet Fuel Line
- Gas Main by Pressure Class**
- NOP=0
- LP (<=1psig)
- EP (>1 and <=60psig)
- HP (>60psig)
- NOP is null
- Other Features**
- County Boundary
- Water Feature
- Florida City Gas Franchise Territory



- Tap Station
- Jet Fuel Line
- Gas Main by Pressure Class**
- NOP=0
- LP (<=1psig)
- EP (>1 and <=60psig)
- HP (>60psig)
- NOP is null
- Interstate Pipeline**
- Florida Gas Transmission Co
- Other Features**
- County Boundary
- Water Feature
- Florida City Gas Franchise Territory



- Tap Station
- Jet Fuel Line
- Gas Main by Pressure Class**
- NOP=0
- LP (<=1psig)
- EP (>1 and <=60psig)
- HP (>60psig)
- NOP is null
- Interstate Pipeline**
- Florida Gas Transmission Co
- Gulfstream Natural Gas System, LLC
- Florida Southeast Connection
- Sabal Trail Pipeline
- Other Features**
- County Boundary
- Water Feature
- Florida City Gas Franchise Territory











Account No.	Company Name	Address	City	State	Zip	Service Type	Category	Priority	Work Order No.	Work Order Description	Status	Open Date	Close Date	Cost	Estimate No.	Estimate Description	Contract No.	Contract Description	Contract Dates	Contract Type	Contract Status	Contract Start	Contract End	Contract Frequency	Contract Unit	Contract Qty	Contract Price	Contract Total	Contract Unit Price
555 MANHATTAN POWER AND GAS, LLC	FLORIDA PUBLIC UTILITIES COMPANY	12345	MIAMI	FL	33101	0300-000	0300-000			Refer to Location Quality Column	T																		









ST. JOE NATURAL GAS COMPANY	8803884 N	FTS-1	5109	11/01/1993	02/28/2019	0 N	1,590		N	Y
STATE OF FLORIDA, DEPARTMENT OF MANAGEME	809396955 N	FTS-1	5085	11/01/1993	09/30/2023	0 N	1,722		Y	Y
STATE OF FLORIDA, DEPARTMENT OF MANAGEME	809396955 N	FTS-2	5626	02/01/1997	02/28/2025	365 N	300		Y	Y
TALLAHASSEE, CITY OF	930321073 N	FTS-2	3636	03/01/1995	02/28/2025	0 N	25,925	X7	N	Y
TALLAHASSEE, CITY OF	930321073 N	FTS-1	5080	11/01/1993	07/31/2020	0 N	38,554	X7	N	Y
TALLAHASSEE, CITY OF	930321073 N	FTS-2	6036	04/01/2002	03/31/2022	0 N	1,000	X7	N	Y
TALLAHASSEE, CITY OF	930321073 N	FTS-3	111147	04/01/2011	03/31/2036	0 Y	6,000		N	Y
TAMPA ELECTRIC COMPANY	6924286 N	FTS-2	6088	04/01/2002	04/30/2023	0 N	70,000	X7	N	Y
TAMPA ELECTRIC COMPANY	6924286 N	FTS-1	101716	12/01/2002	07/31/2020	0 N	11,107	X4	N	N
TAMPA ELECTRIC COMPANY	6924286 N	FTS-1	101716-105189	02/08/2006	01/31/2027	0 N	1,000	X4	N	Y
TAMPA ELECTRIC COMPANY	6924286 N	FTS-2	109631	11/01/2010	04/30/2035	0 N	30,000	X7	N	Y
TAMPA ELECTRIC COMPANY	6924286 N	FTS-3	111146	04/01/2011	03/31/2036	0 Y	50,000	X7	N	Y
TOWN OF JAY	25205980 N	FTS-WD	119015	02/01/2016	07/31/2020	0 N	558		Y	Y
UNITED TECHNOLOGIES, PRATT & WHITNEY	1447952 N	SFTS	5072	11/01/1993	09/30/2024	0 N	1,364		Y	Y

Shipper Name	Shipper Id	Affiliate Ind	Rate Schedule	Contract Number	Contract Effective Date	Contract Expiration Date	Days Until Expire	Neg Rate Ind	Max Daily Quantity	Max Storage Quantity	FootNotes	Agents	Points
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	3624	03/01/1995	02/28/2025	0	N	11,564		X4	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	3624-102048	06/01/2003	05/31/2023	0	N	600		X4	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	3624-107033	11/01/2007	02/28/2026	0	N	822		X4	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	3624-107034	11/01/2007	03/31/2022	0	N	115		X4	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	3624-107035	11/01/2007	02/28/2026	0	N	285		X4	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	3624-118690	11/01/2015	02/28/2025	0	N	0		X4/X6	N	Y
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-1	5009	11/01/1993	07/31/2020	0	N	27,216		X4/X7	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-1	5009-100740	12/15/2001	07/31/2020	0	N	2,205		X4	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-1	5009-115782	01/01/2014	07/31/2025	0	N	650		X4	N	N
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-1	5009-118707	11/01/2015	07/31/2020	0	N	17,639		X4	N	Y
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	120697	10/01/2017	09/30/2041	0	N	4,221		X7	N	Y
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-3	120703	05/01/2017	09/30/2041	0	Y	8,000		X7	N	Y
FPL ENERGY SERVICES, INC.	197177678	N	FTS-3	117580	01/01/2017	12/31/2018	0	N	12,500			N	Y
INFINITE ENERGY, INC.	968786749	N	FTS-1	108220	02/01/2009	03/31/2039	0	N	2,100			N	Y
INFINITE ENERGY, INC.	968786749	N	FTS-3	119388	12/01/2017	03/31/2018	0	N	15,000			N	Y
INFINITE ENERGY, INC.	968786749	N	FTS-2	119389	12/01/2017	03/31/2018	0	N	10,000			N	Y
INFINITE ENERGY, INC.	968786749	N	FTS-3	120952	11/01/2017	03/31/2018	0	N	22,500		X3	N	Y
INFINITE ENERGY, INC.	968786749	N	FTS-2	121622	12/01/2017	03/31/2018	0	N	10,000			N	Y
INFINITE ENERGY, INC.	968786749	N	FTS-2	121813	01/01/2018	03/15/2018	0	N	7,500			N	Y

**Shipper Name**  
FLORIDA PUBLIC UTILITIES COMPANY  
- 300 Dth/d at Pioneer Gate

Shipper Id	Affiliate Ind	Rate Schedule	Contract Number	Contract Effective Date	Contract Expiration Date	Days Until Expire	Neg Rate Ind	Max Daily Quantity	Max Storage Quantity	FootNotes
6924427	N	FTS-2	3624-118690	11/01/2015	02/28/2025		0 N		0	X4/X6

**Agents** **Points**  
N Y



<b>Values in Dth</b>			
	<b>Design Capacity</b>	<b>Florida City Gas Contractual Delivery Rights</b>	<b>Florida City Gas Total System Load * Jan 4, 2018</b>
Indian River	9,000	6,507	3,007
Melbourne	3,000	2,018	1,623
Eau Gallie	7,700	6,193	4,174
Cocoa	10,600	6,000	3,990
Vero Beach North	4,900	2,315	604
Vero Beach South	4,900	2,315	257
Port St. Lucie	2,400	2,338	1,225
Lake Forest	7,400	2,708	996
Opa Locka	16,100	4,529	2,875
NW Hialeah	19,200	7,031	8,039
SE Hialeah	15,000	5,031	3,128
West Miami	7,300	3,549	3,248
Cutler Ridge	7,800	3,007	839
South Miami	7,800	3,889	3,412
Titusville	not listed	3,254	2,232
Pioneer	50,000	597	10,058
Palm Bay	not listed	200	1,117
Indian River PPC	not listed	750	637
Miami Airport	not listed	724	3,230
Viera	not listed	6,000	4,435
<b>Total</b>	<b>173,100</b>	<b>68,955</b>	<b>59,126</b>

\* Total System Load represents total deliveries for all of FCG's customers.