



ORIGINAL

Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

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07 JUN 19 9 PM 3:04  
COMMISSION CLERK

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**DATE:** June 18, 2007  
**TO:** Ann Cole, Commission Clerk - PSC, Office of Commission Clerk  
**FROM:** William B. McNulty, Public Utilities Supervisor, Division of Economic Regulation  
**RE:** Meeting in Docket No. 070003-GU

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On June 15, 2007, at 10:00 AM, I met with representatives of Florida City Gas at the Commission in an unnoticed meeting to discuss gas storage options for Florida City Gas. Those representatives included Melvin Williams, AGL Resources; Gregory Becker, also of AGL Resources, and Lila Jaber, outside counsel for Florida City Gas. The meeting was arranged based on a phone contact to me by JoAnn Chase, a representative of Florida City Gas, on May 23, 2007.

Upon receiving the request to meet, I understood the meeting to be involving gas storage options. Several copies of the presentation materials were offered to me at the meeting on the gas storage (see attached). As can be understood from the presentation materials, the subject matter extended into areas involving certain gas storage costs which will be included in the utility's request for cost recovery in its September 2007 filing in the purchase gas adjustment true-up docket (Docket No. 070003-GU)

I request that this memorandum and the attached materials be placed in the docket file in Docket No. 070003-GU. Thank you.

Attachments: (1)

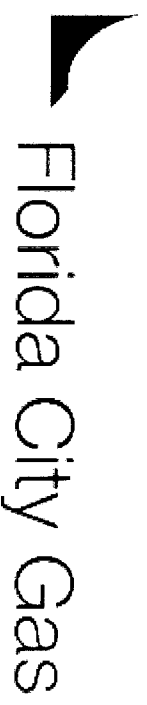
cc: Katherine Fleming  
Bob Trapp

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

# Gas Operations Update



# Topics

- Demand projections
- Capacity
- Balancing needs
- Price volatility
- Opportunities

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# Demand Projections

- **Winter Period November 2007 – March 2008 Projections**
  - Total throughput of 4,629,776 Dths
  - Firm sales total of 2,259,487 Dths
  - Transportation total of 2,370,289 Dths
  
- **Calendar Year 2008 Projections**
  - Total throughput projection of 10,510,867 Dths
  - Firm sale total of 4,867,009 Dths
  - Transportation total of 5,643,858 Dths

# Demand Projections

- Peak Day Forecast
  - 2007-2008 Winter: 55,424 Dth
  - 2008-2009 Winter: 55,912 Dth
  - 2009-2010 Winter: 56,458 Dth
- Includes firm customers, firm transport, and essential and nonessential needs transport customers.

# Capacity

## 3 Firm Transport capacity contracts

- FTS – 1:

- Expires 7/31/2007 – contract extension process ongoing
- Seasonal transport levels in Dth/d

April	May – Sep	Oct	Nov-Mar
20,672	20,658	23,237	38,923

- FTS – 2:

- Contract #1 – expires 2/28/2015
  - Nov – April 12,655 Dth/d
  - May – Oct 3,570 Dth/d
- Contract #2 - expires 2/28/2015
  - Nov – April 2,570 Dth/d
  - May – Oct 5,430 Dth/d

# Capacity

## Bay Gas Storage

- Provides gas supply flexibility and reliability
  - MSQ – 150,000 Dth
  - MDIQ – 5,000 Dth/d
  - MDWQ – 15,000 Dth/d
- In service date – April 1, 2008
- Project timeline slipped:
  - Brine disposal issues
  - Construction delays
  - Tight labor market

# Balancing Needs

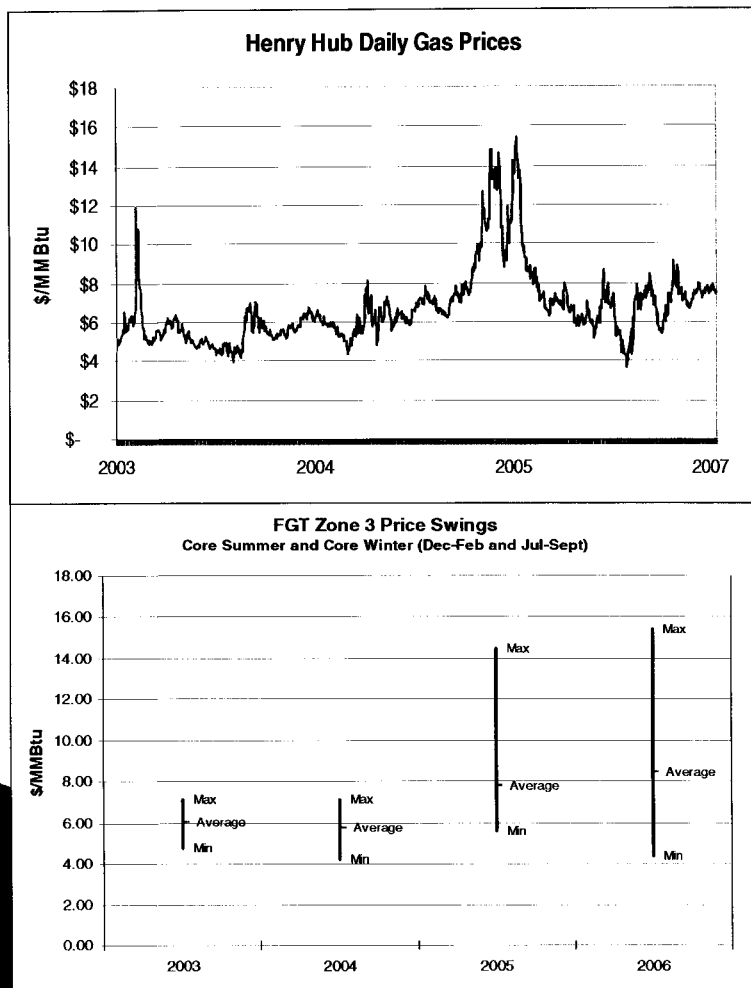
## FGT Alert Day Summary

Year	Number of Overage Alerts	Number of Underage Alerts	Total Number of Critical Days
2004	129	4	133
2005	114	0	114
2006	89	0	89
2007	28	0	28

- Overage Alerts: Customer's total burn can not exceed total delivered supply plus the tolerance allowed by FGT
- Underage Alerts: Customer's total burn can not be lower than total delivered supply less the tolerance allowed by FGT
- 2007 figures through and including June 8,2007



# Price Volatility



- Gas prices have gotten increasingly volatile
- Summer / winter spreads have grown significantly
- There is an increasing benefit to having storage services to dampen gas cost spikes

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# Opportunities

- LNG projects
  - In-state project - Floridian Natural Gas Storage
  - Off shore import projects
    - FERC Approved
      - AES Ocean Express
      - Calypso Tractebel
    - Proposed to MARAD / Coast Guard
      - Suez Calypso – Suez LNG
      - Port Dolphin LNG
- Gulf Stream interconnection

# Summary

- The number of FCG customers is expected to increase each year for the next several years
- Additional services will be needed to meet the increasing demand
- Unpreventable events, such as hurricanes in the Gulf, can create unstable supply market and can cause supply disruption
- Daily gas prices have become increasingly volatile
- FCG is pursuing opportunities for storage services that can potentially address these issues

**FCG HP Gas Main**

**NOP**

- 61 - 150
- 150 - 350
- 350 - 920

**Interstate Pipelines**

**Name**

- Florida Gas Transmission Co.
- Gulfstream Natural Gas System, LLC

**Other Features**

- County Boundary
- Florida City Gas Franchise Territory

