



June 21, 2013

**BY HAND DELIVERY**

Ms. Ann Cole, Commission Clerk  
Office of Commission Clerk  
Room 110, Easley Building  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

RECEIVED FPSC  
13 JUN 21 PM 4:08  
COMMISSION  
CLERK

Re: Docket No. 130089-GU, FCG Responses, Staff's Second Set of Data Requests

Dear Ms. Cole:

Enclosed for filing on behalf of Florida City Gas are an original and five copies of the Florida City Gas Responses to Staff's Second Set of Data Requests.

Also enclosed on behalf of Florida City Gas are an original and five copies of the Florida City Gas Request for Confidential Classification associated with these Data Request Responses.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,

Floyd R. Self  
Counsel for Florida City Gas

FRS/bhs

Enclosures

cc: Elizabeth Wade, Esq.  
Henry Gillman, Esq.  
Suzanne Brownless, Esq.

- COM \_\_\_\_\_
- AFD \_\_\_\_\_
- APA \_\_\_\_\_
- ECO 3
- ENG 1
- GCL 1
- IDM \_\_\_\_\_
- TEL \_\_\_\_\_
- CLK \_\_\_\_\_

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**FCG's Responses to Staff's Second Set of Data Requests**

**Staff DR 2-1:** Please refer to the Joint Petition, Exhibit E, Page 5 of 10, response to Question 1, in which Jack Langer states, "Based on its long history of kiln operation, WASD does not expect many emergency shutdowns after both kilns are fully repaired and operating (note recent history of Hialeah kiln)." Also, under Question 1, Jack Langer states "WASD anticipates the lime kilns to be operative for many years to come." Given these statements, why have the petitioners included an "out" clause for the take or pay provision to the 2014 TSA (Joint Petition, Exhibit A, Page 5, Article V, Section 3)?

**FCG Response:** The "out" clause within the 2014 TSA was the responsible thing to do. As Greg Hicks indicates in the documentation provided as a part of Petition Exhibit E, MDWASD has made substantial investments in both the Orr and Hialeah plants over the last several years. Because of these investments, the kilns at each plant should be able to operate for the life of the 2014 TSA without any extended outage due to equipment breakdowns or extended maintenance. But while the expectation is that each facility will operate continuously, but for limited annual routine maintenance, guaranteeing such continuous operation for ten years in the face of weather or other unknown factors that could impact the operation is problematic. By setting the standard at 90 days, if there was a routine or unscheduled maintenance operation that stopped the kilns for more than the usual couple of weeks, but cumulatively still less than 90 days, the parties believe that MDWASD would still require such transportation volumes that would be at least in excess of the take or pay amounts if not greater. Providing an "out" for an outage greater than 90 days simply acknowledges that if there is an outage for more than 90 days, it is truly an extraordinary, unanticipated event meriting a suspension of the take or pay.

This response prepared by or under the supervision of Marc Seagrave, Director, New Business Development & Energy Efficiency Programs, AGL Resources Inc.

**Staff DR 2-2:** Please refer to the Joint Petition, Page 7, Section 12. What are the potential reasons for extended outages of greater than 90 days for purposes of suspension of the take or pay minimum volumes?

**FCG RESPONSE:** Since both the Orr and Hialeah plants have now been completely rebuilt over the last few years, the only anticipated reasons would be natural disasters or some other unanticipated event that would result in a total equipment failure. Given the substantial investment to rebuild both the Orr and Hialeah plants over the last several years, a total equipment failure does not seem possible or probable absent a natural disaster of some type. Mr. Greg Hicks of the MDWASD provides a full account of the situation in Petition Exhibit E.

This response prepared by or under the supervision of Marc Seagrave, Director, New Business Development & Energy Efficiency Programs, AGL Resources Inc.

**Staff DR 2-3:** Please refer to the Joint Petition, Page 7, Section 12. What are potential reasons for extended outages of greater than 90 days for which a suspension of the take or pay minimum volumes could not be exercised?

FCG RESPONSE: None are anticipated. It is cheaper for MDWASD to run the plants than to purchase lime. If the plant is out of service in excess of 90 days, then it is a major outage due to conditions beyond MDWASD's control.

This response prepared by or under the supervision of Marc Seagrave, Director, New Business Development & Energy Efficiency Programs, AGL Resources Inc.

**Staff DR 2-4:** Please refer to the Joint Petition, Exhibit A, Page 5, Section 3, last sentence. If MDWASD advises FCG of a service outage of more than 90 days, thereby suspending the take or pay provisions of the contract, is it correct that the take or pay minimums for service period outages greater than 90 days are adjusted on a pro rata basis for all days of the outage, including the first 90 days?

FCG RESPONSE: No, only the days in excess of 90 are adjusted out.

This response prepared by or under the supervision of Marc Seagrave, Director, New Business Development & Energy Efficiency Programs, AGL Resources Inc.

**Staff DR 2-5:** Refer to the Joint Petition, Exhibit D, Confidential FCG Cost Support Documentation, Pages 9-27 and Exhibit A, Page 5, Article V, Section 3. Explain how the projected contributions to FCG common costs under the TSA is sufficient to offset the risk of revenue shortfalls (incremental costs exceeding revenue) due to the potential suspension of the take or pay minimum volumes of natural gas.

FCG RESPONSE: The take-or-pay provision as provided on Exhibit A, Page 5, Article V, Section 3, materially offsets the risk of revenue shortfalls (incremental cost exceeding revenue). As shown on the attached Confidential Exhibit 2-5, the adjusted take-or-pay revenue is sufficient to cover the incremental operational and maintenance cost of maintaining the facilities required to provide service. For snapshot purposes, the information on Confidential Exhibit 2-5 utilizes the incremental costs, operating and maintenance expenses, and, as applicable for Hialeah, the depreciation and taxes shown on FCG's cost of service study, Confidential Exhibit D, 2014 Year 1.

This response prepared by or under the supervision of Archie Hickerson, Director, Regulatory Planning and Analysis, AGL Service Corp.

**Staff DR 2-6:** Please refer to Joint Petition, Exhibit D, Confidential FCG Cost Support Documentation, Pages 4 of 27, lines 5 and 18. Please provide documents showing the development of 2014 Accumulated Depreciation and Incremental O&M expense for each plant.

FCG RESPONSE: Please see the attached Confidential Exhibit 2-6 (Excel spreadsheet).

This response prepared by or under the supervision of Ronald D. Hanson, Manager,  
Regulatory Analysis, AGL Resources, Inc.

**Staff DR 2-7:** Please refer to Joint Petition, Exhibit D, Confidential FCG Cost Support Documentation, Pages 4 of 27, lines 5 and 18. Please explain the basis for the annual O&M adjustment for 2015 through 2023.

FCG RESPONSE: Please see the response to Staff Data Request No. 2-6 and the accompanying confidential exhibit.

This response prepared by or under the supervision of Ronald D. Hanson, Manager,  
Regulatory Analysis, AGL Resources, Inc.

**Staff DR 2-8:** Please refer to the Joint Petition, Exhibit A, Page 2, Article 1, Section 1 and Page 4, Article V, Section 1. The Agreement requires FCG to provide natural gas transportation service to MDWASD for a period of 10 years in the maximum quantities as defined.

- A. Please provide a physical description of the assets which comprise the natural gas distribution service that serves the Alexander Orr and Hialeah plants, including a listing of all such assets, their approximate installation dates, pipeline specifications such as materials, capacity, sizes, and length, as well as other pertinent details of other assets such as valves and meters.
- B. What is the leak and hazardous event history of the Alexander Orr and Hialeah pipelines during the period 2003-2012?
- C. Please describe each capital improvement and replacement, the amount and date of each such improvement and replacement, and the associated reasons for such improvement or replacement for the Alexander Orr and Hialeah natural gas transportation facilities during the period 2003-2012.
- D. Does FCG expect that the Alexander Orr and Hialeah natural gas transportation facilities will require any capital improvements or replacements through 2023? Why?
- E. If "yes" to D, what are the anticipated capital improvements, anticipated cost of such capital improvements, anticipated dates such capital improvements will be necessary, and anticipated annual expenses related to such capital improvements?

FCG RESPONSES:

A. The information that is available and responsive to this request is unchanged from that provided in Docket No. 090539-GU. This information is reflected in:

- FCG's May 18, 2011 Response to Staff POD No. 24, which includes FCG's May 18, 2011 Amended Response to Staff's Fourth Set of Interrogatories, No. 83.
- FCG's March 23, 2011 Supplemental Response to Staff's Second Set of Interrogatories No. 22 and the supporting documentation provided in response to that interrogatory.

- FCG's Response to Staff's POD No. 15, Feb. 16, 2011 (includes overall Orr and Hialeah maps).
- Bermudez Deposition Exhibit No. 10 (detailed Orr map) (April 7, 2011, identified at page 260 of the Transcript).

FCG can provide the Staff with a copy of this information if it is not readily available; please contact FCG counsel if a copy is required.

This response prepared by or under the supervision of Ms. Carolyn Bermudez, Director, Regional Operations, Florida City Gas.

B. Our CTS system does not identify any leaks for this period, but in reviewing the work orders, there was one Grade 3 leak upstream from the Orr meter repaired on September 29, 2011. Please see the attached spreadsheet, Exhibit 2-8(B).

This response prepared by or under the supervision of Ms. Carolyn Bermudez, Director, Regional Operations, Florida City Gas.

C. No capital improvements or replacements have occurred on the Alexander Orr natural gas transportation facilities during the period 2003-2012 except for any meter changes required due to periodic testing.

The Hialeah Plant is served by a network of pipelines between the SE Hialeah gate, Substation #2 and the NW Hialeah Gate. Except for meter changes that may be required due to periodic testing, the only other changes are as follows:

- In the period from 2010 to 2012, the 4" main that is part of the network of pipe serving the Hialeah Plant along West 4th Avenue from West 49th Street to West 9th Street was relocated due to a Florida Department of Transportation roadway improvement project.
- Along the 4" main on NW 62nd Street, a valve box was changed on a valve just west of NW 38th Ave.

This response prepared by or under the supervision of Ron Muller, Manager, Construction, Florida City Gas.

D. Florida City Gas does not expect that the Alexander Orr and Hialeah natural gas transportation facilities will require any capital improvements or replacements through 2023, with the exception of any future municipal right-of-way improvements that may require adjustments to the pipeline facilities or meter changes required due to periodic testing.

This response prepared by or under the supervision of Ron Muller, Manager, Construction, Florida City Gas.

E. Not applicable – there are no foreseeable capital improvements except as noted in response to 2-8(D).

This response prepared by or under the supervision of Ron Muller, Manager, Construction, Florida City Gas.

**Staff DR 2-9:** What is the impact of the take or pay provision and the associated “out” provision on the calculation of the CRA? Please explain in the instance where: A. MDWASD annual sales are below the take or pay minimum and no “out” provision is requested by MDWASD; and B. MDWASD annual sales are below the take or pay minimum and the “out” provision is requested by MDWASD.

FCG RESPONSE: The CRA is based upon revenues in the applicable customer classes actually collected by FCG. (A) If the gas volumes at Orr or Hialeah fall below the take or pay amount and the “out” provision is not applicable, then in the true up process at the end of the year MDWASD would be billed any shortfall in revenue associated with the take or pay gas volume. As in any situation, the CRA would be calculated based upon the revenue from MDWASD for that year (i.e., take or pay gas volume and not the actual gas volume for the year). (B) If the gas volumes at Orr or Hialeah fall below the take or pay amount and the “out” provision is applicable, then in the true up process at the end of the year MDWASD would be billed any shortfall in revenue associated with the take or pay gas volume less the applicable pro rata time associated with the exercise of the take or pay out clause. In that situation, the CRA would be calculated based upon the revenue from MDWASD for that year (i.e., the take or pay gas volume less the applicable pro rate volume for the time of the outage).

This response prepared by or under the supervision of Tom Kaufmann, Manager, Rates, AGL Resources Inc.

**Staff DR 2-10:** Would FCG pursue the 2014 TSA as it is currently structured if FCG's CRA tariff were not in effect? Why?

FCG RESPONSE: The negotiation and resulting 2014 TSA between FCG and MDWASD was based upon the totality of the circumstances: MDWASD's request to extend the 2011 TSA, MDWASD's request for a ten year contract term, the past and future relationship between FCG and MDWASD, FCG's desire to retain MDWASD as a customer and the impact on FCG and its customers if it lost MDWASD as a customer to bypass, the historical and anticipated future gas flows at the Orr and Hialeah plants, the class of service otherwise applicable to the Orr and Hialeah plants, the extensive rebuild of the Orr plant last year, the bypass data supplied by MDWASD, the Commission's rules for negotiated contracts, and all of the applicable rates, terms, and conditions in FCG's Commission approved tariff, which includes, but is not limited to, the CRA. FCG did not negotiate, and does not have a template or plan for what it might have negotiated if the CRA was not a part of its tariff.

This response prepared by or under the supervision of Marc Seagrave, Director, New Business Development & Energy Efficiency Programs, AGL Resources Inc.

Docket No. 130089-GU  
Florida City Gas, Responses to Staff's  
Second Set of Data Requests, No. 2-5,  
June 21, 2013,  
Exhibit 2-5:  
Take or Pay Analysis

Redacted Version:  
One Page Spreadsheet  
Redacted in its Entirety

Docket No. 130089-GU  
Florida City Gas, Responses to Staff's  
Second Set of Data Requests, No. 2-6,  
June 21, 2013,  
Exhibit 2-6:  
Depreciation and  
Incremental O&M Expense Analysis

Redacted Version:  
Four Page Spreadsheet  
Redacted in its Entirety



	A	B	C	D	E	F
1	ALEXANDER ORR J, 6800 SW 87TH AVE ,MIAMI - Meter # 2425471					
2	<b>Event</b>	<b>Organization</b>	<b>Event Type</b>	<b>Type</b>	<b>Status</b>	<b>Date Completed</b>
3	131168	FCGMEAS	PPM	Calibration	Completed	9/4/2009 9:42
4	136002	FCGMEAS	PPM	Preventive Maintenance	Completed	9/4/2009 9:44
5	136793	FCGMEAS	PPM	Preventive Maintenance	Completed	9/4/2009 9:47
6	173498	FCGMEAS	JOB	Equipment Failure	Completed	9/4/2009 9:52
7	131211	FCGMEAS	PPM	Preventive Maintenance	Completed	5/4/2010 14:05
8	224632	FCGMEAS	JOB	Equipment Failure	Completed	9/29/2011 17:44
9	173488	FCGMEAS	PPM	Preventive Maintenance	Completed	7/11/2012 7:49
10	173487	FCGMEAS	PPM	Calibration	Completed	7/11/2012 7:53
11	182791	FCGMEAS	PPM	Preventive Maintenance	Completed	9/28/2012 9:02
12	256256	FCGMEAS	JOB	Calibration	Completed	2/27/2013 14:50
13						
14	ALEXANDER ORR W, 6800 SW 87TH AVE ,MIAMI - Meter # 2600650					
15	<b>Event</b>	<b>Organization</b>	<b>Event Type</b>	<b>Type</b>	<b>Status</b>	<b>Date Completed</b>
16	131169	FCGMEAS	PPM	Calibration	Completed	9/4/2009 9:56
17	136003	FCGMEAS	PPM	Preventive Maintenance	Completed	9/4/2009 9:57
18	131289	FCGMEAS	PPM	Preventive Maintenance	Completed	9/4/2009 10:02
19	136794	FCGMEAS	PPM	Preventive Maintenance	Completed	9/4/2009 10:04
20	173507	FCGMEAS	JOB	Equipment Failure	Completed	9/4/2009 10:08
21	196008	FCGMEAS	JOB	Equipment Failure	Completed	1/20/2011 15:29
22	220636	FCGMEAS	JOB	GMAS No Call	Completed	7/14/2011 7:41
23	173502	FCGMEAS	PPM	Preventive Maintenance	Completed	7/11/2012 7:55
24	173501	FCGMEAS	PPM	Calibration	Completed	7/11/2012 7:58
25	256258	FCGMEAS	JOB	Calibration	Completed	2/27/2013 15:29
26						
27						
28	MIAMI DADE WATE, 700 W 2ND AVE ,HIALEAH - Meter # 2058663					
29	<b>Event</b>	<b>Organization</b>	<b>Event Type</b>	<b>Type</b>	<b>Status</b>	<b>Date Completed</b>
30	131088	FCGMEAS	PPM	Calibration	Completed	2/16/2009 10:18
31	131374	FCGMEAS	PPM	Preventive Maintenance	Completed	2/16/2009 10:20
32	135982	FCGMEAS	PPM	Preventive Maintenance	Completed	2/16/2009 10:26
33	136773	FCGMEAS	PPM	Preventive Maintenance	Completed	2/16/2009 10:30
34	166419	FCGMEAS	PPM	Preventive Maintenance	Completed	7/13/2012 8:06
35	256075	FCGMEAS	JOB	Calibration	Completed	2/26/2013 11:24

	G	H
1		
2	<b>Description</b>	<b>Tech Comments</b>
3	INSTRUMENT CALIBRATION - AGL	
4	ATMOSPHERIC CORROSION INSP - METER SET	
5	General Inspection - Meter Set	
6	CDMA INSTALLATION	
7	METER TEST - TURBINE - AGL	
8	ASSIST OPERATIONS	Repaired Class three leak upstream of meter. Reported to operations
9	ATMOSPHERIC CORROSION INSP - METER SET	
10	INSTRUMENT CALIBRATION - AGL	
11	METER TEST - TURBINE - AGL	
12	CDMA MAINT	Verified Calibration, Voltages, IP address & cleaned Solar Panel
13		
14		
15	<b>Description</b>	<b>Tech Comments</b>
16	INSTRUMENT CALIBRATION - AGL	
17	ATMOSPHERIC CORROSION INSP - METER SET	
18	METER TEST - DIAPHRAGM, ROTARY - AGL	
19	General Inspection - Meter Set	
20	CDMA INSTALLATION	
21	ASSISTED G. HERNANDEZ	Rebuild Pilot and changed boot on Mooney Regulator. Performed Maintenance on Meter Set (Painted)
22	NO CALL	Upgraded Modem, reestablished Communications and Transferred Data
23	ATMOSPHERIC CORROSION INSP - METER SET	
24	INSTRUMENT CALIBRATION - AGL	
25	cdma maint	Verified Calibration, Voltages, IP address, cleaned Solar Panel & Changed Battery.
26		
27		
28		
29	<b>Description</b>	<b>Tech Comments</b>
30	INSTRUMENT CALIBRATION - AGL	
31	METER TEST - DIAPHRAGM, ROTARY - AGL	
32	ATMOSPHERIC CORROSION INSP - METER SET	
33	General Inspection - Meter Set	
34	ATMOSPHERIC CORROSION INSP - METER SET	
35	CDMA MAINT	Verified Calibration, Voltages, IP address, cleaned Solar Panel & Changed Battery.