



July 1, 2013

BY E-Filing

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

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

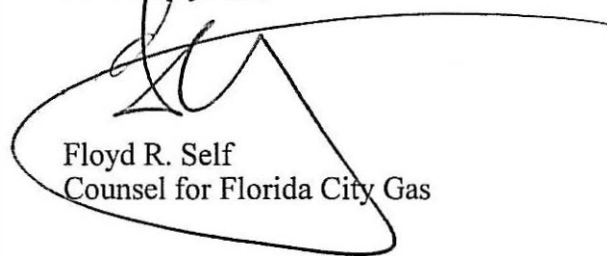
Dear Ms. Cole:

Enclosed for electronic filing on behalf of Florida City Gas are the Responses of Florida City Gas to Staff's First Set of Data Requests.

Please let me know if there are any further requirements.

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.

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FCG's Responses to Staff's First Set of Data Requests

Staff DR 1-2.1: Please refer to page 1 of the BSA. Please explain how the \$427,000 estimated cost of the FGT tie in to the Hialeah plant was determined; also, please explain whether or not the site-specific circumstances associated with the FGT tie-ins for the Orr and Hialeah plants are sufficiently different such that a different amount potentially should be shown for the Hialeah plant rather than the same amount estimated for the Orr plant.

FCG RESPONSE: The \$427,000 estimated cost was prepared by FGT and is detailed on Petition Exhibit C, page 37 of 77; FGT's overall proposal to MDWASD is contained on pages 29-47. FCG does not believe that the site specific circumstances associated with an FGT tap to serve the Hialeah plant would be materially different than an FGT tap to serve the Orr plant. In FCG's experience, the amount quoted to MDWASD by FGT is consistent with FCG's experience.

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

Staff DR1-2.2: Please refer to page 1 of the BSA. Please explain how the \$23,000 and \$54,000 estimated labor costs shown for the Orr and Hialeah plants, respectively, were determined.

FCG RESPONSE: MDWASD sought bids for the individual parts of the proposed bypass facilities, and those respective responses included their own labor and other expenses as applicable as is detailed in the various estimates presented in Petition Exhibit C. The labor costs identified on Petition Exhibit C, page 1, line 16, were for the additional costs estimated by MDWASD that may be required for engineering, permitting, and other expenses over and above the FGT, DEVTECH, and PDI proposals that were associated with constructing the proposed bypass facilities. See Petition Exhibit C, pages 5-6. For additional information, see FCG's Responses to Data Request Nos. 1-4.1 and 1-4.2 below.

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

Staff DR 1-2.3: Please refer to page 1 of the BSA. Please explain how the \$200,000 and \$175,000 estimated costs of the metering and regulating (M&R) stations ("Valves & Fittings" line per Exhibit C pages 5-6 of 77) for the Orr and Hialeah plants, respectively, were determined; also, please see related Question 3.4, below.

FCG RESPONSE: These numbers are drawn from Petition Exhibit C, page 10 of 77, the estimate provided by Devtech Sales on January 30, 2013. See further the response to Staff DR 1-3.4 for additional information.

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

Staff DR 1-2.4: Please refer to page 1 of the BSA. Please explain why no estimated costs were included for the "Contingency (15% of direct)" line item.

FCG RESPONSE: Since MDWASD was bidding out the various components, it is our understanding that the process was to receive an all-inclusive price for the services to be provided, so adding in a contingency would be inappropriate. Some of the vendors would provide services pursuant to preexisting contractual agreements with the County or the vendors responded by specifying a contingency amount in their estimates or a lump sum, not to exceed price. See, for example, FGT's proposal at Petition Exhibit C, page 37 of 77 (contingency specified) or the Leiter, Perez & Associates proposal at Petition Exhibit C, page 63 of 77 (lump sum or lump sum fee estimated not to exceed). In a sense, the labor expenses identified on Page 1, Line 16 of Petition Exhibit C were also contingency expenses. See further FCG's Response to Data Request Nos. 1-4.1 and 1-4.2 below.

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

Staff DR 1-2.5: Please refer to page 2 of the BSA. Please describe the elements that comprise the "one call" annual expenses ("all inclusive" per Exhibit C pages 5-6 of 77) estimated to be \$270,000 (\$18,000/year for 15 years) and \$450,000 (\$30,000/year for 15 years) for the Orr and Hialeah plants, respectively; also, please see related Question 3.6, below.

FCG RESPONSE: These numbers were taken from the numbers appearing on pages 5 and 6 of Petition Exhibit C, which was prepared by Mr. Langer, and it is FCG's understanding that they represent the total estimated annual operating and maintenance expenses. MDWASD did not provide a detailed breakdown of annual operating expenses as is shown on page 2, lines 33-44. Thus, the numbers that appear on page 2, line 33 are not just locate/one-call costs but all of MDWASD's estimated ongoing expenses, and the same numbers appear as the total on page 2, line 45.

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

Staff DR 1-3.1: Please refer to Exhibit C page 7 of 77. Please confirm whether the historical annual gas consumption volumes of 3,469,000 (Orr) and 2,727,911 (Hialeah) are the source of the gas volumes used on pages 2, 3, and 4 of the BSA. If so, please explain how these historical volumes were derived and why they differ from the historical volumes presented in Exhibit B page 4 of 4.

FCG RESPONSE: Yes, the historical annual gas consumption volumes of 3,469,000 (Orr) and 2,727,911 (Hialeah) are the source of the gas volumes used on pages 2, 3, and 4 of the BSA. These volumes are not the same as those presented in Petition Exhibit B, page 4 of 4. During the negotiation process, Mr. Seagrave calculated the 3,469,000 (Orr) and 2,727,911 (Hialeah) gas volumes in an attempt to derive a more normalized average for each plant that would be the likely future volumes to be transported given the reconstruction of the Hialeah and Orr plants

over the last several years. Mr. Seagrave utilized historic data supplied by MDWASD and he removed from his calculation months with low/zero months as well as any uncharacteristically high volume months. FCG used these numbers for the bypass analysis since the intent was to calculate likely future gas flows. Talking out the low/zero months from the average was appropriate given MDWASD's desire to run both plants essentially nonstop in the future now that Orr and Hialeah have been rebuilt and the past problems associated with lengthy outages should be rare to nonexistent, at least for the projected life of the TSA. The information in Petition Exhibit B was extracted from FCG's billing records at the time FCG was preparing to file the Petition in order to present to the Commission the complete historic consumption information, including months with low or zero flows.

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

Staff DR 1-3.2: Please refer to Exhibit C page 8 of 77. Please confirm whether the 'Price Request Proposal' from PDI, Inc. contains two distinct quotes for materials and installation of the pipeline to the Hialeah plant based on two different proposed routes. If so, please explain why the NW 72nd Ave & 68th St route was chosen as the alternative to be included in the BSA; also please see related Question 3.8 below to determine whether or not it actually was the intent to choose the NW 36th St route for inclusion in the BSA.

FCG RESPONSE: Yes, the PDI proposal contains two distinct quotes based upon two different proposed routes. The longer route was identified by FCG in the prior docket and at that time seemed to FCG to be the likely MDWASD bypass pipeline route. In working to present a more comprehensive bypass analysis for purposes of the 2014 TSA, MDWASD identified a second, shorter route for a possible bypass route. During the negotiations, MDWASD represented that the shorter NW 72nd Avenue & 68th Street route was feasible and cheaper for its potential bypass. Because the bypass analysis was to represent what MDWASD believed was possible for bypass based upon the data, the costs associated with this route were used for the bypass analysis.

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

Staff DR 1-3.3: Please refer to Exhibit C page 8 of 77. Please explain how the \$110,000 cost estimate for materials/installation of the pipeline to the Orr plant was derived.

FCG RESPONSE: This was PDI's estimate. A detailed breakdown was not provided as it was for Hialeah (page 9 of Petition Exhibit C). As a general matter, the Orr run would be significantly less complicated than Hialeah since the majority of the pipeline would be run on the Orr plant property since the FGT gate that MDWASD would tap into is essentially adjacent to the Orr Plant, whereas FCG serves Orr from its Miller Road station. See the Orr map provided in Docket No. 090539, FCG's February 16, 2011, Response to Staff's POD No. 15.

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

Staff DR 1-3.4: Please refer to Exhibit C pages 10 and 28 of 77 and to related Question 2.3, above. Please explain why the estimated M&R station cost estimates of \$200,000 and \$175,000 for the Orr and Hialeah plants, respectively, were included in the BSA rather than the \$250,000 and \$200,000 estimates shown on Exhibit C page 28 of 77; also, please explain why estimates of the following costs related to M&R station construction and installation were not included in the BSA:

- (a) \$30,000 to \$40,000 per skid at the Orr plant, if applicable (*i.e.*, if a second meter run is required since there are two meters at the Orr plant),
- (b) \$6,000 of freight costs associated with each M&R unit,
- (c) Site-specific preparation work including offloading the skid(s), mounting to a concrete pad, construction of the concrete pad(s), fencing, gravel, and grounding of the skid(s), etc.,
- (d) \$10,000 to \$15,000 of site-specific electrical work, and
- (e) Odorization costs, if applicable.

FCG RESPONSE: These \$200,000 and \$175,000 numbers for the Orr and Hialeah plants are drawn from Petition Exhibit C, page 10 of 77, the estimate provided by Devtech Sales on January 30, 2013. During the negotiation process MDWASD provided this information to FCG as a part of MDWASD's documentation of its verifiable bypass options. On pages 5 and 6 of Petition Exhibit C, MDWASD used the \$200,000 for Orr and \$175,000 for Hialeah, so these were used on page 1 of Petition Exhibit C.

On Petition Exhibit C, page 28 of 77, Devtech Sales on April 22, 2013, provided a more specific estimate with higher numbers. Since this document was received by MDWASD on the eve of filing the Joint Petition, it was not a part of the negotiation process. However, it was included in the filing as the parties were attempting to compile all of the relevant documentation that was available with respect to MDWASD's potential bypass opportunities.

With respect to the subparts (a) through (e):

- (a) These were not included because MDWASD did not include them in their analysis as there was nothing in the FGT documentation to indicate a second meter would be necessary based upon the gas flow. As was established during Docket No. 090539-GU, there are two meters at Orr only because after the initial line and meter at the plant were installed, there was a subsequent pipeline extension run on the property. This extension serves a different part of the plant and because of where the original meter is located, the extension required its own meter in order to capture the gas flow. See Docket No. 090539-GU, Bermudez Deposition Transcript, April 7-8, 2011.
- (b) The January 30, 2013 estimate did not mention any freight costs, so they were not included in write up prepared by MDWASD that is pages 5 and 6 of Petition Exhibit C.
- (c) The January 30, 2013 estimate did not identify the specific costs that might be associated with the site-specific preparation work, so they were not included in write up prepared by MDWASD that is pages 5 and 6 of Petition Exhibit C.

- (d) These were not included on pages 5 and 6 so they were not used.
- (e) Ordorization was not included because it is unnecessary as it was already in the gas for transportation purposes. See Petition Exhibit C, page 57 of 77 (paragraph number 11 of the AECOM proposal).

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

Staff DR 1-3.5: Please refer to Exhibit C page 24 of 77. Please explain the nature of the work that would be performed by sub-consultant NOVA.

FCG RESPONSE: As is indicated on Petition Exhibit C, page 11 of 77, HDR's revised August 23, 2011, letter stated, "For the performance of this work, we are utilizing remote (out of state) engineering specialists with a team that includes NOVA Consultants, Inc. (NOVA) performing local engineering and regulatory permitting support with their subcontracted topographical surveyor, Avino & Associates, Inc. (AVINO)."

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

Staff DR 1-3.6: Please refer to Exhibit C pages 40-47 of 77 and to related Question 2.5, above. Please explain whether the proposed FGT/MDWASD service agreement for the Orr plant M&R station is related to the 'all inclusive' maintenance costs of \$18,000 per year included in the BSA. If the services to be provided by FGT under Article 3 of the proposed service agreement (Exhibit C pages 42-43 of 77) differ from those services associated with the maintenance costs shown in the BSA, please provide an estimate of the annual costs that MDWASD would pay FGT under the proposed service agreement for the Orr plant.

FCG RESPONSE: In responding to this Data Request, FCG sought additional guidance from MDWASD on this question since FCG was not a party to any discussions between MDWASD and FGT. Accordingly, Mr. Gregory D. Hicks, CPPB, Chief, Stores & Procurement, Miami-Dade Water & Sewer, provided FCG with the following information: No, the charges are not related. FGT maintenance charges are separate from the "all inclusive" costs of \$18,000 per year for Orr Plant. Per Dan Swanson of FGT, FGT will maintain the MDWASD meter. The meter will be tested every quarter with FGT absorbing the first \$500 of any routine maintenance (parts only) with no charge for labor. Based on its experience FGT does not anticipate any substantial charges for this type installation. An estimated annual (maximum) cost for FGT would be less than \$1,000.

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

Staff DR 1-3.7: Please refer to Exhibit C pages 40-47 of 77. Please explain whether the 'all inclusive' maintenance costs of \$30,000 per year shown in the BSA for the Hialeah plant are

related to a proposed service agreement covering the Hialeah plant M&R station that is similar to the proposed agreement provided for the Orr plant as identified in Question 3.6 above. If a proposed service agreement for the Hialeah plant would entail services that differ from those services associated with the maintenance costs shown in the BSA, please provide an estimate of the annual costs that MDWASD would pay FGT under such a proposed service agreement for the Hialeah plant.

FCG RESPONSE: In responding to this Data Request, FCG sought additional guidance from MDWASD on this question since FCG was not a party to any discussions between MDWASD and FGT. Accordingly, Mr. Gregory D. Hicks, CPPB, Chief, Stores & Procurement, Miami-Dade Water & Sewer, provided FCG with the following information: Yes, the estimated maintenance costs for Hialeah are similar to costs associated with Orr plant. The only cost MDWASD would pay FGT is the same as outlined above. FGT will maintain the MDWASD meter. The meter will be tested every quarter with FGT absorbing the first \$500 of any routine maintenance (parts only) with no charge for labor. Based on its experience FGT does not anticipate any substantial charges for this type installation. An estimated annual (maximum) cost for FGT would be less than \$1,000.

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

Staff DR 1-3.8: Please refer to Exhibit C pages 49 and 8-9 of 77 and to related Question 3.2 above. Please explain why the cost estimates provided by AECOM and sub-contractors for the Hialeah plant pipeline support work were prepared based on the proposed NW 36th St route when the PDI pipeline materials and installation cost estimates based on the proposed NW 72nd Ave & 68th St route were chosen for inclusion in the BSA; also, please explain and provide an estimate of any significant differences in the AECOM/sub-contractor cost estimates that would result if AECOM had prepared the estimates based on the proposed NW 72nd Ave & 68th St route, or in the alternative, please adjust the BSA for purposes of consistency to reflect the PDI cost estimates for the proposed NW 36th St route.

FCG RESPONSE: At the time the AECOM proposal was prepared, 2011, it was believed that the 36th Street route was the only practical bypass route. By the time PDI was engaged to provide an estimate, the second, shorter had been identified, and so PDI provided estimates on both routes (page 8 of 77). As is more fully discussed in response to Staff DR 1-3.2, the shorter route was included in the bypass analysis since the analysis was to represent the bypass that MDWASD anticipated.

Since FCG did not prepare the AECOM proposal, FCG does not have access to the internal AECOM information necessary to prepare an estimate of any significant differences that may result from AECOM preparing a proposal for the other route.

FCG does not believe it is necessary to adjust the BSA since the analysis reflects the bypass route that that MDWASD would choose.

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

Staff DR 1-4.1: Please refer to Exhibit C pages 11-27 of 77. Please include the estimated costs of \$182,922 for engineering design, support, and survey work provided by HDR and sub-contractors for the Orr plant in the BSA; or, in the alternative, please explain why these estimated costs should not be included in the BSA.

FCG RESPONSE: FCG does not believe that an adjustment is necessary. It is FCG's understanding that the \$23,000 labor cost identified on Petition Exhibit C, Page 1, Line 16, was budgeted by MDWASD to complete this work in lieu of the \$182,922 for engineering design, support, and survey work provided by HDR and its sub-contractors. See further FCG's Response to Data Request No. 1-2.2 above. In responding to this Data Request, FCG sought additional guidance from MDWASD on this question. Accordingly, Mr. Jack Langer, the Miami-Dade Water & Sewer consultant for these negotiations, provided FCG with the following additional information:

ORR PLANT: Past experience in the natural gas industry leads me to believe there is very little outside design, support and survey work for this location that is not included in the estimates received from FGT, DEVTECH, and PDI.

1) FGT is responsible for its own design and installation of a tap of its line. FGT will tap its line and install a stub-out on MDWASD property. Included in FGT's charge of \$427,000 is all turn-key work to complete its installation including engineering design and build.

2) DEVTECH designs and delivers the meter/regulating station to the Orr plant site, all of which is all inclusive in its price. Concrete slab to accommodate m/r station and all electrical (supplied by DEVTECH) will be done by MDWASD personnel.

3) PDI will run gas lines from outlet side of DEVTECH m/r station to kiln and engine locations. All gas piping will be done on MDWASD property and only one (1) concrete slab will be required for station.

4) The \$23,000 shown for labor is a contingency (7.5 %) amount shown for piping, permitting and m/r station expense, if necessary and any other miscellaneous expenses that may arise during construction. Please bear in mind all this work is to be performed on MDWASD property.

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

Staff DR 1-4.2: Please refer to Exhibit C pages 48-77 of 77. Please include the estimated costs of \$589,831 for engineering design, support, and survey work provided by AECOM and sub-contractors for the Hialeah plant in the BSA, reflecting any adjustments that might be necessary based on responses to Question 3.8 above; or, in the alternative, please explain why these estimated costs should not be included in the BSA.

FCG RESPONSE: FCG does not believe that an adjustment is necessary. It is FCG's understanding that the \$54,000 labor cost identified on Petition Exhibit C, Page 1, Line 16, was

budgeted by MDWASD to complete this work in lieu of the \$589,831 for engineering design, support, and survey work provided by AECOM and its subcontractors. See further FCG's Response to Data Request No. 1-2.2 above. In responding to this Data Request, FCG sought additional guidance from MDWASD on this question. Accordingly, Mr. Jack Langer, the Miami-Dade Water & Sewer consultant for these negotiations, provided FCG with the following additional information:

Hialeah PLANT: Past experience in the natural gas industry leads me to believe there is very little outside design, support and survey work for this location that is not included in the estimates received from FGT, DEVTECH and PDI.

1) FGT will tap the interstate pipeline and provide a stub-out at its compressor station located at N.W. 72nd Avenue and 68th Street. Miami, Fl. As stated above FGT's tapping fee of \$427,000 includes all design, build and installation charges.

2) DEVTECH designs and delivers the meter/regulating station to Hialeah Plant site, all inclusive of freight, etc. Because the Hialeah Plant kiln is smaller in size and uses less gas than Orr, the price for this m/r station is less than Orr Plant. Any concrete slab, if required at this location and all electrical work will be done by MDWASD.

3) PDI will hook into FGT stub-out at compressor station location and install approximately 8,850 feet of 4" gas line proceeding east on Dove Avenue to No. Poinciana Blvd. crossing at West 3rd Avenue, Hialeah into plant location.

4) The \$54,000 shown is a contingency of 8.2% for permitting, etc. and any other miscellaneous expenses that may arise during construction.

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

Staff DR 1-5.1: Please provide a revised BSA that takes into consideration petitioners' responses to the questions in Sections 2.0 through 4.0, above.

FCG RESPONSE: FCG does not believe that any further adjustments are necessary.

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

Staff DR 1-5.2: Please provide an electronic copy of the revised BSA in Excel format, with all formulas active and unlocked.

FCG RESPONSE: There is no revised BSA, but FCG will provide the Commission Staff with the original unlocked Excel ® spreadsheet, labeled "Exhibit C, 2013-04-22, pages 1-4.xlsx".

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