

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 130089-GU

JOINT PETITION FOR APPROVAL OF
NATURAL GAS TRANSPORTATION SERVICE
AGREEMENT BETWEEN FLORIDA CITY GAS
AND MIAMI-DADE COUNTY, THROUGH
MIAMI-DADE WATER AND SEWER
DEPARTMENT.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 5

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, August 27, 2013

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

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

P R O C E E D I N G S

CHAIRMAN BRISÉ: Item Number 5.

MR. ROME: Good morning, again. Don Rome with Commission staff.

Item Number 5, Docket Number 130089, is a joint petition filed jointly by Florida City Gas and the Miami-Dade Water and Sewer Department for a natural gas transportation service agreement. The contract is for a ten-year term, with an effective date as of January 1, 2014. The contract is submitted pursuant to Florida City Gas' load enhancement service rate schedule, which is subject to Commission Rule 25-9.034.

The Petitioner submitted support documentation with the petition, and also provided additional information in response to several data requests from staff. Based on a review of the documentation provided, staff believes that the proposed gas transportation service agreement meets the conditions for service under the load enhancement rate service schedule, and staff is recommending approval.

We're here to answer any questions you may have, and it is my understanding that representatives from both Florida City Gas and from Miami-Dade are here also, if you have any questions.

CHAIRMAN BRISÉ: All right. Thank you.

1 Commissioners?

2 All right. Commissioner Brown.

3 **COMMISSIONER BALBIS:** Yes. I just have one
4 question for either of the parties here with regard -- I
5 know there are a lot of benefits to expanding this
6 agreement to ten years, and there is a thorough staff
7 analysis, and I read the contract and I appreciate that.
8 But I want to know what the primary driver was for
9 expanding it from the original two years to ten years,
10 if you could?

11 **MR. SELF:** Floyd Self of the Gonzalez Saggio
12 and Harlan law firm on behalf of Florida City Gas. As
13 you may recall, when we were last here under very
14 different circumstances, the predecessor contracts had
15 been for ten years. And given the context in which the
16 settlement and current 2011 TSA were negotiated, at the
17 time we felt the best thing to do was to try and package
18 and settle the litigation that was going on and have a
19 contract that would kind of give us a chance to gain
20 some experience and some breathing room.

21 If you look at a lot of the transportation
22 agreements that you do, normally they are 10, 15 years.
23 So that is more of the industry norm. And the county
24 was obviously very interested in having some stability,
25 as well as Florida City Gas was very interested in

1 having some stability in the relationship. And we think
2 we have crafted a contract that addresses both the
3 county's needs as well as the utility's needs.

4 **COMMISSIONER BROWN:** Thank you for that. And
5 I think ten years is probably more apt and more
6 appropriate for an agreement of this size. So I
7 appreciate that explanation, and I thought it was really
8 to show the commitment, really, of the parties under the
9 agreement. So that's was really what I was looking at.
10 Thank you.

11 **MR. SELF:** This is a very different situation
12 than two years ago.

13 **COMMISSIONER BROWN:** Thank you.

14 **CHAIRMAN BRISÉ:** Commissioner Balbis.

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

16 And I do remember where we were two years ago,
17 and I'm glad to see that the parties are working well
18 together, because I believe at that time it was a little
19 more confrontational. And I just want to confirm that
20 all the parties are happy with this agreement and it's
21 in the benefit of both parties.

22 **MR. HOPE:** Commissioner, David Steven Hope,
23 Assistant County Attorney; with me is Deputy Director
24 Joe Ruiz from the Miami-Dade Water and Sewer Department.

25 The county is absolutely ecstatic about this

1 agreement. That is why, as Floyd said, we wanted to get
2 back to the historical norm. The historical norm had
3 been ten-year agreements. Yes, in 2008 we had a hiccup
4 that finally brought us in front of you two years ago,
5 and we came up with that short-term solution. But that
6 solution also encompassed, as Floyd has said, enough
7 time to work through another comprehensive agreement
8 which both parties could live with.

9 And I think both Florida City Gas and
10 Miami-Dade County will say that there has been enough in
11 this contract to put aside whatever our differences is
12 to take into consideration, for example, the CPI
13 adjustor that kicks in in year five through year ten,
14 which is something that was more for Florida City Gas in
15 terms of not being able to anticipate how inflation
16 would affect the rates.

17 So there has been a balance between the
18 parties. Both parties are very happy, and we won't be
19 seeing you for another ten years after you approve this.

20 **COMMISSIONER BALBIS:** Thank you.

21 And I have a question for Mr. Ruiz. I noticed
22 that in this contract there is a take-or-pay provision,
23 and I just want to make sure that for Miami-Dade Water
24 and Sewer Department that with the take-or-pay
25 provision, I know you have the lime kilns that require

1 periodic maintenance, that you feel comfortable that
2 it's not putting an additional risk, if you will, with
3 the water and sewer department.

4 **MR. RUIZ:** Good morning, Commissioner.

5 Well, of course, it does put additional risk,
6 but it's a risk that we feel is absolutely minimal. We
7 are very much incentivized to continue to keep these
8 kilns going 24/7/365. And so we are actually, having
9 rebuilt both of the kilns in recent years, we feel very
10 confident that that should not occur and should not be a
11 burden to the county.

12 **COMMISSIONER BALBIS:** Okay. I'm glad to see
13 that Miami-Dade is ecstatic and that the gas company
14 is -- I assume is ecstatic, as well. But I think this
15 is a good agreement. I think the terms will make sure
16 that there's consistency and long-term stability with
17 this relationship.

18 So when we're ready, I would be more than
19 happy to make a motion to approve staff's recommendation
20 on all issues in this docket.

21 **CHAIRMAN BRISÉ:** All right. Are there any
22 further comments? Okay. Seeing none, I think we're
23 ready.

24 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

25 I move staff's recommendation on all issues in

1 this docket.

2 **CHAIRMAN BRISÉ:** Okay. It has been moved and
3 seconded.

4 Any further discussion?

5 All right. Seeing none, all in favor say aye.

6 (Vote taken.)

7 **CHAIRMAN BRISÉ:** All right. Thank you very
8 much, and thank you for your participation today.

9 **MR. HOPE:** Thank you, Commissioners.

10 **MR. SELF:** Thank you very much, Commissioners.

11 **CHAIRMAN BRISÉ:** All right. With that, we are
12 adjourned.

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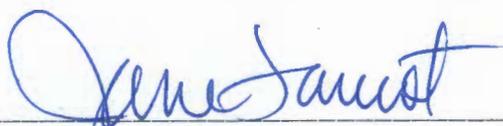
STATE OF FLORIDA)
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 : CERTIFICATE OF REPORTER
COUNTY OF LEON)

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

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

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

DATED THIS 11th day of September, 2013.



JANE FAUROT, RPR
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