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IN REPLY REFER TO:

REDACTED

Ansley Watson, Jr.
P.O. Box 1531
Tampa, Florida 33601
e-mail: aw@macfar.com

October 23, 2015

VIA FEDEX

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED - FPSC
OCT 26 PM 2:51
COMMISSION
CLERK

Re: Docket No. 150221-GU -- Petition for approval of Firm Service Agreement for an extension in Clay County with Peoples Gas System, by SeaCoast Gas Transmission, L.L.C.

Dear Ms. Stauffer:

seven (7) - etc 10/26

Enclosed for filing with the Commission on behalf of SeaCoast Gas Transmission, L.L.C., and Peoples Gas System, please find the original and six (6) copies of SeaCoast's and Peoples' responses to the Commission Staff's First Data Request in the above docket. You will note that portions of the responses are redacted, and SeaCoast and Peoples will be filing separately their joint request for confidential treatment of the portions redacted in the enclosures.

Please acknowledge your receipt of the enclosures on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,

Ansley Watson, Jr.

Ansley Watson, Jr.

AWjr/a
Enclosures

COM _____
AFD _____
APA _____
ECO 5
ENG _____
GCL 2
IDM _____
TEL _____
CLK _____

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cc: John Villafrate, Esquire
Danielle M. Roth, Esquire
Ms. Kandi M. Floyd

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Staff respectfully requests the following information from SeaCoast Gas Transmission, LLC:

1. What is the cost to SeaCoast to construct/install the new 9.5 mile 6-inch steel transmission lateral (including any necessary appurtenances) from the tap-in to SeaCoast's 24-inch mainline near Asbury Lake to the new interconnection with Peoples' distribution system near Green Cove Springs? Please include a general description of the types of costs that will be incurred (e.g., materials, labor, permitting, secure right-of-way, etc.). Also, please confirm that the pipeline material will not consist of "bare steel" construction.

A. The cost to construct/install the new 9.5 mile 6-inch steel (not bare steel) transmission lateral (including necessary appurtenances) from the SeaCoast tap to the new interconnection with Peoples Gas near Green Cove Springs is as follows:

1. Low flow measurement at SeaCoast interconnect with Southern Natural Gas Cypress - [REDACTED]
2. SeaCoast 24-inch tap, meter, regulator station - [REDACTED]
3. Peoples gate station - [REDACTED]
 - Total - Tap, measurement and regulator stations - [REDACTED]

1. Pipeline and miscellaneous materials - [REDACTED]
2. Pipeline installation - [REDACTED]
 - Total - 6-inch pipeline including labor and installation - [REDACTED]

- Grand total for the project [REDACTED]

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2. Please refer to paragraph 10 of the petition.
 - a. Please identify other state or local agencies from which approval will be needed to construct the pipeline and provide a brief description of the approvals that will be required.
 - b. Please describe the impact, if any, on the proposed Transport Agreement if Peoples and the City of Green Cove Springs are unable to negotiate a franchise agreement.

- A.
 - a. SeaCoast will seek permits from the FDOT to install the 6-inch steel transmission pipeline in public rights-of-way, requisite permits from Clay County, and any environmental permits that may be required. Peoples will seek permits from the FDOT, Clay County, and the City of Green Cove Springs to install the distribution system in public rights-of-way as well as any environmental permits that may be required.
 - b. In the unlikely event that Peoples was unable to reach an agreement on a franchise with the City of Green Cove Springs, the Firm Service Agreement would be terminated.

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3. Please refer to page 8 of 18 in Exhibit "A" to the Transport Agreement. Please clarify whether the Primary Receipt Point labeled "SGT – PGS DRN No. 200" represents the proposed new interconnection with Peoples' proposed distribution system in or near Green Cove Springs.
 - A. The SGT – PGS DRN No. 200 represents one of the three existing SeaCoast interconnects (SeaCoast receipt points) located at the origination point of the existing SeaCoast 24-inch line. The SeaCoast delivery point(s) that are new interconnection(s) with Peoples are listed on Exhibit B to the Transport Agreement.

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4. Please refer to page 9 of 18 in Exhibit "A" to the Transport Agreement.
- a. Please explain why the Retainage increases from 1.0 percent to 1.5 percent after year 10 of the Transport Agreement.
 - b. Please discuss whether the Primary Delivery Point labeled "SGC/PGS Asbury Lake" (also identified on page 16 of 18) will back-feed Peoples' existing distribution system in the vicinity of Asbury Lake and Middleburg and whether this will affect the quantities available for delivery at the SeaCoast/Peoples delivery point in Green Cove Springs.
 - c. Please provide a qualitative description of the charge labeled as "Usage 1" and explain how it was derived.

A.

- a. The increase in Retainage is in anticipation of possible lost and unaccounted for changes to the SeaCoast pipeline system as it ages. In addition, the increase will cover compression services if SeaCoast has the need to expand. The Retainage percentages listed in Exhibit B are caps or the maximum Peoples will be charged by SeaCoast. (Note that the Retainage expenses are tracked by SeaCoast annually and charged accordingly.) Last, [REDACTED]
- b. Peoples is planning a future back feed from through the SeaCoast line in the Lake Asbury area to serve Peoples' Middleburg and Orange Park service areas. These areas are currently served from the (at times constrained) Florida Gas Transmission Jacksonville Lateral. Since this will be a second source of supply for Middleburg and Orange Park, the quantities required to serve Green Cove Springs will not be impacted.
- c. The Usage 1 rate is a volumetric charge associated with volumetric expenses that SeaCoast may incur. At this time, the only volumetric expense SeaCoast has is odorant and since this expense is predictable, historically it has been included in the reservation charge. [REDACTED]

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		Request #	PGS 2015_9_14
Pipeline and Materials Installation			[REDACTED]
Outside Services			[REDACTED]
Gate and Regulator Stations			[REDACTED]
Customer Service Lines and Meter Sets			[REDACTED]
Grand Total			[REDACTED]
		\$\$/mile	[REDACTED]

Pipeline Materials and Installation

Est. Quantity	Units	Description	Unit Cost	Extended Cost
Material				
4000	Feet	2" pipe plastic	[REDACTED]	[REDACTED]
10000	Feet	4" pipe plastic	[REDACTED]	[REDACTED]
19000	Feet	6" pipe plastic	[REDACTED]	[REDACTED]
22000	Feet	4-inch pipe steel	[REDACTED]	[REDACTED]
14000	Feet	6-inch pipe steel	[REDACTED]	[REDACTED]
15	EA	Valves	[REDACTED]	[REDACTED]
33,000	Feet	Tracer wire	[REDACTED]	[REDACTED]
1		Miscellaneous materials	[REDACTED]	[REDACTED]
				\$ -
Total				[REDACTED]
Outside Services				
Pipeline Contractor - installation			[REDACTED]	[REDACTED]
Design and Permitting			[REDACTED]	[REDACTED]
RR Permit			[REDACTED]	[REDACTED]
Company Direct Labor and Equipment			[REDACTED]	[REDACTED]
Total				[REDACTED]

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Gate and Regulator Stations

Est. Quantity	Units	Description	Unit Cost	Extended Cost
Material				
1	EA	Gate Station - No Land	● [REDACTED]	● [REDACTED]
2	EA	District Regulator Station	● [REDACTED]	● [REDACTED]
Total			● [REDACTED]	\$ -

Customer Service Lines and Meter Sets

Est. Quantity	Units	Description	Unit Cost	Extended Cost
Material				
59	EA	Service Lines	● [REDACTED]	● [REDACTED]
59	EA	Meter Sets	● [REDACTED]	● [REDACTED]
Total			● [REDACTED]	\$ -

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Staff respectfully requests the following information from Peoples Gas System:

5. Please refer to paragraph 11 of the petition in which other options for delivering gas to customers in Green Cove Springs by Peoples are discussed. Did Peoples issue a Request for Proposals (RFP) to obtain construction cost estimates for the "Peoples extension project" pipeline(s) from other entities? If the answer is affirmative, please identify all respondents to the RFP and provide an explanation regarding why their proposals were rejected. If the answer is negative, please state why Peoples did not solicit competitive bids and provide the in-house estimate of the cost of the "Peoples extension project."
- A. Peoples did not solicit Request for Proposals from other entities to obtain cost estimates for the proposed project.

Peoples did not solicit competitive bids from other entities for four reasons:

- (i) The Peoples / SeaCoast alternative eliminates duplication of facilities in the Clay County area and therefore has less impact on the environment and population of Clay County.
- (ii) On its face, the chosen alternative is the most cost effective because it utilizes existing pipeline infrastructure in Clay County. Any other alternative would have required approximately nine to ten miles of incremental transmission line plus new and expensive taps and interconnects with Florida Gas Transmission and Southern Natural Gas. These costs would have by far exceeded the SeaCoast costs since the SeaCoast taps with the interconnecting interstate pipelines are already in place. In addition, if Peoples had constructed the nine to ten miles of transmission line, it would have still needed a tap on the SeaCoast mainline, and would have incurred SeaCoast charges for transportation.
- (iii) In the alternative case, Peoples would have been required to utilize secondary delivery points (which have a lower scheduling priority to primary delivery points). This would have made deliveries to customers in Green Cove Springs and the surrounding areas of Clay County less reliable than the deliveries associated with the chosen alternative.
- (iv) In Peoples' opinion, there were no other companies capable of constructing the required interstate pipeline taps, interconnects, and the new pipeline from the supply sources (i.e., the Florida Gas Transmission Jacksonville Lateral

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and/or the Southern Natural Gas Cypress Lateral) within the time frame in which the larger Green Cove Springs customers desire natural gas service (mid-2016). Depending on the cost of the interstate pipeline taps and interconnects, the alternatives could trigger a FERC filing that could take months for approval.

The in-house construction estimate is attached.

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6. Please refer to paragraph 12 of the petition which states that "Virtually all of the customers will receive aggregated transportation service through Peoples' Rider NCTS." If one were to assume hypothetically that the Transport Agreement was approved and the project installation completed on schedule by the end of 2016 (petition paragraph 10), please provide the following:
 - a. Estimates of the numbers of new NCTS customers and new non-NCTS customers.
 - b. Estimates of the typical total numbers of therms to be delivered monthly to the new NCTS customers and non-NCTS customers.
- A.
- a. Peoples anticipates that all of the initial sixty (60) new customers will be NCTS customers. Peoples anticipates an increasing customer base throughout the term of the Transport Agreement due to significant economic development activities in Clay County.
 - b. Since the customers in this area are high priority firm customers, the demand calculation is based on peak monthly demand plus growth over the term of the agreement between SeaCoast and Peoples. For these sixty (60) customers including customers in the Green Cove Springs area that will be added throughout the term of the agreement and those customers (existing and new) to be served in the Middleburg and Orange Park areas, the peak monthly demand will be approximately 117,000 dekatherms.

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7. Please refer to paragraph 14 of the petition.
- a. Has Peoples included any charges that would be paid to SeaCoast under the proposed agreement in the 2016 PGA cap proposed in Docket No. 150003-GU? If yes, please state the total amount included (in dollars) in the PGA cap and the impact in cents per therm on the 2016 PGA cap. If not, please state when the charges will begin to be included in the PGA cap and state the projected impact on the PGA cap in cents per therm.
 - b. Has Peoples included any charges that would be paid to SeaCoast under the proposed agreement in the swing service charges proposed in Docket No. 150220-GU? If yes, please state the total annual expense included in the swing service charge calculation.
 - c. Please discuss in detail how the charges that would be paid to SeaCoast under the proposed agreement will be allocated between sales and transportation customers.
- A.
- a. Peoples did not include any charges that would be paid to SeaCoast under the proposed agreement in the 2016 PGA cap. Upon approval of the Peoples' petition in Docket No. 150220-GU, Peoples will begin to collect fuel related expenses from LDC interconnects and intrastate pipelines (as allocated) via the PGA (for sales customers) and via the swing service charge for Natural Choice (NCTS) transportation customers. Peoples does not anticipate any impact on Peoples' 2016 PGA cap due to the diminutive nature of the SeaCoast charges to Peoples when compared to the total projected Peoples' 2016 PGA expenses.
 - b. Yes, Peoples has included the charges Peoples will pay to SeaCoast under the proposed agreement in the swing service charges proposed in Docket No. 150220-GU. The annual expense from SeaCoast to Peoples will be [REDACTED]
 - c. The SeaCoast charges to Peoples will be expensed through the PGA. Peoples will then allocate quantity of swing capacity that is equal to the difference between the peak month by rate class for firm customers and the minimum monthly throughput for firm customers by rate class. Consistent with the methodology used by Peoples for the past 15 years (approved by the Commission in Docket No. 000810-GU), one-half of this quantity will be

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allocated to the swing service charge. This allocated quantity will then be multiplied by Peoples' weighted average cost of capacity (that includes the SeaCoast expense). This charge will then be charged to the Natural Choice transport customers. The revenue collected from the Natural Choice transport customers through the Swing Service Charge will then be credited back to the PGA. The remaining balance of the swing service charge will remain embedded in Peoples' PGA and recovered from Peoples' sales customers. Peoples plans to begin collecting the revised swing service charge amounts upon Commission approval of Peoples' petition in Docket No. 150220-GU.